

BASE PROSPECTUS



FERROVIE DELLO STATO ITALIANE S.p.A.
(incorporated with limited liability in the Republic of Italy)

€7,000,000,000

Euro Medium Term Note Programme

This Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**"). The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Regulation. This Base Prospectus comprises a Base Prospectus for the purposes of Article 8 of the Prospectus Regulation. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for notes ("**Notes**") issued under the Euro Medium Term Note Programme described herein (the "**Programme**") within twelve months after the date hereof to be admitted to the Official List of Euronext Dublin (the "**Official List**") and trading on its regulated market (the "**Regulated Market**"). The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**"). Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of MiFID II and/or which are to be offered to the public in any Member State of the European Economic Area (the "**EEA**"). The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are subject of this Base Prospectus. This Base Prospectus is valid for a period of twelve months from the date of approval. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period.

Ferrovie dello Stato Italiane S.p.A. (the "**Issuer**" or "**FS**") may issue Notes under the Programme to one or more of the Dealers named in "*Subscription and Sale*", below, and any additional Dealer appointed under the Programme from time to time (each a "**Dealer**" and together the "**Dealers**"). References in this Base Prospectus to the "**relevant Dealer**" shall be, in the case of an issue of Notes to more than one Dealer, to the lead manager of such issue and, in the case of an issue of Notes to one Dealer, to such Dealer. Pursuant to the Programme, the Issuer may issue Notes denominated in any currency agreed with the relevant Dealer, subject to any applicable legal or regulatory restrictions. 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, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). The aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €7,000,000,000 (or its equivalent in other currencies calculated as described herein).

As at the date of this Base Prospectus, the Issuer has the following ratings assigned to it: BBB- by Fitch Ratings Ireland Limited ("**Fitch**") and BBB by S&P Global Ratings Europe Limited ("**Standard & Poor's**"). The Programme has been rated BBB- by Fitch and BBB by Standard & Poor's. Each of Fitch and Standard & Poor's is established in the EEA and is registered under Regulation (EC) No. 1060/2009, as amended (the "**EU CRA Regulation**"). As such each of Fitch and Standard & Poor's is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (at <https://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.

The rating Standard & Poor's has given to the Programme is endorsed by S&P Global Ratings UK Limited, which is established in the United Kingdom (the "**UK**") and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). The rating Fitch has given to the Programme is endorsed by Fitch Ratings Ltd, which is established in the UK and registered under the UK CRA Regulation.

Notes issued under the Programme may be rated or unrated by a rating agency. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by Fitch or Standard & Poor's.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil their respective obligations under the Notes are discussed under "Risk Factors" below.

Interest and/or other amounts payable under the Notes may be calculated by reference, inter alia, to EURIBOR or LIBOR, or such other reference rate as specified in the relevant Final Terms. As at the date of this Base Prospectus, the European Money Markets Institute (as administrator of EURIBOR) is included in the European Securities and Markets Authority's ("ESMA's") register of administrators under Article 36 of Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**"), whereas ICE Benchmark Administration Limited (as administrator of LIBOR), is not included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the EU Benchmarks Regulation. As far as the Issuer is aware, the transitional provisions of Article 51 of the EU Benchmarks Regulation apply, such that ICE Benchmark Administration Limited is currently not required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence). As at the date of this Base Prospectus, the administrators of LIBOR (ICE Benchmark Administration Limited) is included in the FCA's register of administrators under Article 36 of Regulation (EU) No 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**"). The registration status of any administrator under the Benchmarks Regulation and the UK Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

Joint Arrangers

**Crédit Agricole CIB
J.P. Morgan**

**Deutsche Bank
UniCredit Bank**

Dealers

**Banca Akros S.p.A. – Gruppo Banco BPM
Barclays
BNP PARIBAS
CaixaBank
Commerzbank
Deutsche Bank
HSBC
ING
Mediobanca
MPS Capital Services
Natixis
Santander Corporate & Investment Banking
Société Générale Corporate & Investment
Banking**

**BBVA
Bayern LB
BofA Securities
Citigroup
Crédit Agricole CIB
Goldman Sachs International
IMI – Intesa Sanpaolo
J.P. Morgan
Morgan Stanley
MUFG
NatWest Markets
SMBC Nikko
UniCredit Bank**

12 March 2021

IMPORTANT NOTICES

Responsibility for this Base Prospectus

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

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with the issue of any Tranche of Notes are the persons named in the applicable Final Terms as the relevant Dealer(s).

Final Terms/Drawdown Prospectus

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below.

Other relevant information

This Base Prospectus must be read and construed together with any supplements hereto and with any information or document incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, should be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus (including for this purpose, each relevant Final Terms) contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

Unauthorised information

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor the Paying Agents nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the financial condition or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Restrictions on distribution

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, 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. The Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions exempt from the registration requirements of the Securities Act. The Notes may be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. For more information, see "*Subscription and Sale*".

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Notes issued as green bonds

None of the Dealers accepts any responsibility for any social, environmental and sustainability assessment of any Notes issued as "green bonds" or makes any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding such "green", or similar labels. None of the Dealers is responsible for the use of proceeds for any Notes issued as "green bonds", nor the impact or monitoring of such use of proceeds. No representation or assurance is given by the Dealers as to the suitability or reliability of any opinion, report, or certification of any third party made available in connection with an issue of Notes issued as "green bonds", nor is any such opinion, report or certification a recommendation by any Dealer to buy, sell or hold any such Notes. In the event any such Notes are, or are intended to be, listed, or admitted to trading on a dedicated "green", or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Dealers that such listing or admission will be obtained or maintained for the lifetime of the Notes.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in the 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 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.
- (f) Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. As Notes issued under the programme are complex financial instruments, each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk based capital or similar rules.

Important – EEA retail investors

If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Important – UK retail investors

If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Product Governance under Directive 2014/65/EU (as amended)

The Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes may include a legend entitled "*MiFID II Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Product Governance under UK MiFIR

The Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes may include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration

the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Product classification pursuant to Section 309B of the Securities and Futures Act (Chapter 289) of Singapore

The Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to Section 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "SFA"). The Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for the purposes of Section 309B(1)(a) and Section 309B(1)(c) of the SFA.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €7,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

Certain definitions and language of Base Prospectus

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the EEA.

In this Base Prospectus, references to "**U.S.\$**" or "**USD**" are to United States dollars, references to "**Sterling**" or "**£**" are to the lawful currency of the United Kingdom and references to "**EUR**" or "**euro**" are to the 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.

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

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

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of law is a reference to that law or provision as extended, amended or re-enacted.

Ratings

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or issued by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or issued by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. In general, European

regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

Non-IFRS Financial Measures

This Base Prospectus contains certain non-IFRS (International Financial Reporting Standards) financial measures (including those which are considered alternative performance measures within the meaning of Article 12 of Commission Delegated Regulation (EU) 2016/301), including the following:

- EBITDA (or gross operating profit) is an indicator of the performance of operations and reflects the Group's core business only. It is calculated as the difference between revenue and operating costs;
- EBIT (or operating profit) is an indicator of the performance of operations and is calculated as the algebraic sum of EBITDA (gross operating profit) and amortisation and depreciation, impairment losses (reversals of impairment losses) and provisions;
- EBITDA Margin (or gross operating profit margin) is a profitability indicator and is calculated as the ratio of gross operating profit to operating revenue;
- EBIT Margin (or operating profit margin – ROS (return on sales)) is a sales profitability indicator and is calculated as the ratio of operating profit to revenue;
- Net operating working capital is the algebraic sum of inventories, construction contracts, current and non-current trade receivables and current and non-current trade payables;
- Other assets, net reflect the sum of receivables and advances from the Ministry of the Economy and Finance for grants, deferred tax assets, other current and non-current assets and other current and non-current liabilities;
- Working capital is the sum of net operating working capital and other assets, net;
- Net non-current assets reflect the sum of property, plant and equipment, investment property, intangible assets and equity investments;
- Other provisions reflect the sum of post-employment benefits and other employee benefits, the provision for litigation with employees and third parties, the provisions for other sundry risks and deferred tax liabilities;
- Net invested capital (NIC) is the algebraic sum of working capital, net non-current assets, other provisions and net assets held for sale and disposal groups;
- Net Financial Debt is a financial indicator calculated as the algebraic sum of bonds, non-current bank loans and borrowings and the current portion thereof, current bank loans and borrowings, current and non-current loans and borrowings from other financial backers, financial assets with the Ministry of the Economy and Finance for current fifteen-year grants, cash and cash equivalents and current and non-current loan assets;
- Equity (E) is a financial statements indicator calculated as the algebraic sum of share capital, reserves, retained earnings (losses carried forward), current and non-current derivative liabilities and the profit (loss) for the year;

- Capital expenditure indicator reflects the trend in the group investments of the year and includes the group's investment programmes/projects (including investments via leases or special purpose vehicles) to support business development. These programmes/projects consist of investments in property, plant and equipment, concessions and other intangible assets, excluding financial investments (i.e., those relating to equity investment transactions). Specifically, the indicator is calculated as the algebraic sum of investments of the year/in progress in: i) property, plant and equipment, ii) intangible assets; iii) investment property; iv) change in concession work; v) trading property, net of asset acquisitions between group companies;
- Total Debt is the financial statements item "non-current and current loans and borrowings" of a Group's company;
- External Debt refer to the financial statements item "non-current and current loans and borrowings" granted to a Group's company by a third external party; and
- Parent Company Debt refer to the financial statements item "non-current and current loans and borrowings" granted to a Group's subsidiary by the parent company FS.

It should be noted that the above mentioned measures are not recognised as measures of performance or liquidity under IFRS and should not be recognised as alternative to operating income or net profit or any other performance measure derived in accordance with IFRS or any other generally accepted accounting principles. The management finds them useful in monitoring the Group's (as such term is defined in the "Terms and Conditions of the Notes") performance and believes they reflect the results of operations and financial trends of its business segments. Accordingly the Issuer believes that the above measures provide useful information to investors for the purposes of evaluating the financial condition and results of operations of the Group, the quality of its assets and the fundamentals of its business.

Forward-looking statements

The Base Prospectus and certain documents incorporated by reference therein include "forward-looking statements" within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in the Base Prospectus, including, without limitation, those regarding the Issuer's strategy, plans, objectives, prospects; future developments in the markets in which the Issuer operates; and anticipated regulatory changes in the industry in which the Issuer operates. These forward-looking statements can be identified by use of forward-looking terminology, such as the terms "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "should" or "will" or, in each case, their negative, or other variations or comparable terminology. Examples of forward-looking statements include, among others, statements or guidance regarding the Group's future financial position, income growth, assets, business strategy, projected levels of growth in the rail markets, projected costs or savings, original and revised commitments and targets, estimates of capital expenditures and plans and objectives for future operations, international expansion plans, projected employee numbers and other statements that are not historical fact.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Investors are cautioned that forward-looking statements are not guarantees of future performance and that the actual financial condition, results of operations and cash flows, and the development of the industry in which the Issuer operates, may differ, also materially, from those made in, or suggested by, the forward-looking statements contained in the Base Prospectus. Any forward-looking statements are made only as at the date of the Base Prospectus and, except as required by law or the rules and regulations of any stock exchange on which the Notes are listed, the Issuer undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Stabilisation

In connection with the issue of any Tranche of Notes under the Programme, 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, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public

disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the 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 Manager(s)) in accordance with all applicable laws and rules.

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GENERAL DESCRIPTION OF THE PROGRAMME

The following overview 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.

This overview constitutes a general description of the Programme for the purposes Article 25.1 of Commission Delegated Regulation 2019/980 supplementing Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**").

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

Issuer:	Ferrovie dello Stato Italiane S.p.A.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under " <i>Risk Factors</i> " 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 " <i>Risk Factors</i> " and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Note Programme
Joint Arrangers:	Crédit Agricole Corporate and Investment Bank Deutsche Bank Aktiengesellschaft J.P. Morgan AG UniCredit Bank AG
Dealers:	Banca Akros S.p.A. – Gruppo Banco BPM Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. Barclays Bank Ireland PLC Bayerische Landesbank BNP Paribas BofA Securities Europe SA CaixaBank S.A. Citigroup Global Markets Europe AG Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft Goldman Sachs International HSBC Continental Europe Intesa Sanpaolo S.p.A. ING Bank N.V. J.P. Morgan AG Mediobanca – Banca di Credito Finanziario S.p.A. Merrill Lynch International Morgan Stanley & Co. International plc MPS Capital Services Banca per le Imprese S.p.A. MUFG Securities (Europe) N.V. Natixis NatWest Markets N.V. SMBC Nikko Capital Markets Europe GmbH Société Générale UniCredit Bank AG

and any other Dealers appointed in accordance with the Dealer Agreement (as defined in "*Subscription and Sale*" below).

Certain Restrictions: 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

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 by the Issuer.

Fiscal Agent and Paying Agent: BNP Paribas Securities Services, Luxembourg Branch

Listing Agent: BNP Paribas Securities Services, Luxembourg Branch

Programme Size: Up to €7,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

Distribution: Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies: Subject to any applicable legal and/or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer and as stated in the applicable Final Terms.

Maturities: 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 relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Issue Price: Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes: The Notes will be issued in bearer form, as described in "*Form of the Notes*" below.

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on such basis as may be specified in the applicable Final Terms.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

- (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
- (b) on the basis of the Reference Rate.

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.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate 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 such basis as may be specified in the applicable Final Terms.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest, in each case as may be agreed between the Issuer and the relevant Dealer and as specified in the applicable Final Terms.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons, upon a Change of Control or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders and/or at the option of the Noteholders upon giving notice to the Issuer, 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.

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

Redemption by Instalments:

The applicable Final Terms in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

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 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) and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). If the Final Terms so specify, Notes may be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000.

Taxation: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the Republic of Italy as provided in Condition 11 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 11 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge: The terms of the Notes will contain a negative pledge provision as further described in Condition 5 (*Negative Pledge*).

Cross Default: The terms of the Notes will contain a cross default provision as further described in Condition 12(c) (*Events of Default – Cross-default of Issuer or Material Subsidiary*).

Status of the Notes: The Notes will constitute direct, general and unconditional obligations of the Issuer and will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Rating: As at the date of this Base Prospectus, the Issuer has the following ratings assigned to it: BBB- by Fitch and BBB by Standard & Poor's. The Programme has been rated BBB- by Fitch and BBB by Standard & Poor's. Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The rating Standard & Poor's has given to the Programme is endorsed by S&P Global Ratings UK Limited, which is established in the UK and registered under the UK CRA Regulation. The rating Fitch has given to the Programme is endorsed by Fitch Ratings Ltd, which is established in the UK and registered under the UK CRA Regulation.

Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or issued by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or issued by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA is certified under the EU CRA Regulation.

Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a

credit rating agency not established in the UK which is certified under the UK CRA Regulation.

Approval, Admission to Trading and Listing: The Central Bank of Ireland has approved this document as a base prospectus for the purposes of the Prospectus Regulation. Applications have also been made for Notes issued under the Programme to be admitted to trading on the regulated market of Euronext Dublin and to be listed on the Official List of Euronext Dublin.

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.

Pursuant to Article 25 of the Prospectus Regulation, the Central Bank of Ireland may at the request of the Issuer, send to the competent authority of another EEA Member State and the ESMA (i) a copy of this Base Prospectus; and (ii) a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Regulation (an "**Attestation Certificate**").

Governing Law: The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by English law. Condition 16 (*Meetings of Noteholders: Modification and Waiver*) and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of a Noteholders' Representative in respect of the Notes are subject to compliance with the laws of the Republic of Italy.

Selling Restrictions: There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, France, the Republic of Italy, Japan, Singapore, the United Kingdom 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*".

United States Selling Restrictions: Regulation S, Category 2. TEFRA C or D applicable/TEFRA not applicable, as specified in the applicable Final Terms.

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. 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. Accordingly, the Issuer does not represent that the statements below regarding the risk of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section. Prospective investors should read the entire Base Prospectus.

The risks below have been classified into the following categories:

- a. Risks relating to the Issuer's financial position;*
- b. Risks relating to the Issuer's business activity and industry; and*
- c. Risks relating to the Notes issued under the Programme.*

Risks relating to the Issuer's financial position

Risks relating to macroeconomic conditions and sovereign debt crisis

FS is affected by the economic and political environment and cyclical trends in the European and domestic economy, and any economic downturn, market crisis or period of instability could have a negative impact on the Group's business.

The sovereign debt crisis has raised concerns about the long-term sustainability of the European Monetary Union and the ordinary activity of many commercial and investment banks as well as insurance companies.

Persistent market tensions might negatively affect the funding costs and economic outlook of some euro member countries, including Italy. Since the beginning of the sovereign debt crisis in May 2010, credit quality has generally declined, as reflected by downgrades suffered by several countries in the Eurozone, including Italy.

Despite the several initiatives of supranational organisations to deal with the heightened sovereign debt crisis in the euro area, global markets remain characterised by high volatility.

The persisting financial crisis has also adversely affected Italy and the current negative economic situation is not expected to end in the near future.

For example, weak economic conditions and prolonged instability could result in stagnation or a decrease in demand for transport businesses in which FS and its Group operate, adversely affecting the services of FS. This in turn may give rise to a decrease in prices and profitability levels, which may have an adverse effect on the financial condition and result of operations of FS.

In addition, the macroeconomic conditions are expected to be profoundly affected by the outbreak of the coronavirus disease ("COVID-19").

Italy has been one of the countries most affected by COVID-19 and this has led to strong pressure on the country's health system.

Due to the spread of COVID-19 in Italy, the Italian government authorities have enacted a series of measures aimed at containing the further transmission of the virus among the population in Italy, including the lock-down of the whole country and other national and regional restrictions. As a result, since March 2020, the Group has gradually decreased its offer of services, mainly related to high-speed passenger trains with a consequent and temporary impact on the related business performance.

The Group has already in place processes and procedures that support the identification, management and monitoring of events with potential significant impact on the Issuer's resources and business. Also, the Group is setting specific strategic procedures and interventions in order to face, monitor and manage the impact of COVID-19 on the Group's business.

Specifically, in order to tackle the current situation, the Group has implemented a number of extraordinary measures, such as, but not limited to, i) rescheduling the transport offer as mentioned above, with consequential and significant operating costs containment, including specific measures on personnel costs containment; ii) rescheduling part of the Group's 2020 capital expenditure, iii) effective management of the Group's financial exposure and credit facilities; iv) continuous dialogue with Italian and EU authorities and any relevant stakeholders, in order to ensure full support to the transportation sector.

This situation and the aforementioned lock-down measures have led, and - depending also on the additional measures that will be taken by the Italian Government with respect to the COVID-19 outbreak - may also in the future lead to slowdowns in some of the Group's activities, difficulties and restrictions for customers in the use of collective transport services, with potential negative impacts on the Group financial results.

Given the ongoing and dynamic nature of the COVID-19 pandemic, its effects and the governmental measures aimed at constraining spread of the virus, it is not possible to assess accurately the ultimate impact of the Covid-19 outbreak on the Italian and global economy and on the Group's business. If the outbreak of COVID-19 and the measures aimed at containing the outbreak continues for a prolonged period, global macroeconomic conditions could deteriorate even further and the global economy may experience a significant slowdown in its growth rate or even a decline. This may in turn have a material adverse effect on the Group's business and financial results.

In addition, in 2020 the Italian government has approved a series of grant measures in favour of some Group's companies, in order to financially back-up the transport sector impacted by the COVID-19 pandemic, as a proof of the strategic role of the FS Group for the country's economy. However, the formal procedure for some of these measures is not yet completed as it is still pending the approval by the EU Commission. As of the date of this Base Prospectus, the EU Commission approved part of the measures pursuant to the Recovery Decree (art. 214, c.3-6) as compensation for damages suffered during the period between 8 March and 30 June 2020 (for further details see also the paragraph "*Recent events - EU Commission approves Italian scheme to compensate commercial rail passenger operators for damages suffered due to coronavirus outbreak*" of this Base Prospectus). Therefore, as of the date of this Base Prospectus, it is not possible to have certainty of the actual overall positive impact of all the above mentioned measures on the Group's financials.

For further details on the impact of the COVID-19 on the Group's business as of 30 June 2020, see also the 2020 Interim Report Highlights incorporated by reference to this Base Prospectus and the paragraph "*Comments on the change in the 2020 half year data compared to 2019*" in this Base Prospectus.

Risks relating to downgrading

- *Risk relating to the downgrading of the Republic of Italy*

The Issuer's credit ratings closely reflect the rating of the Republic of Italy and are therefore exposed to the risk of reductions in the sovereign credit rating of Italy. Accordingly, on the basis of the methodologies used by rating agencies, further downgrades of Italy's credit rating may have a consequential effect on the credit rating of the Issuer. Since the Issuer has been rated, each time a downgrading of Italy's credit rating occurred, an equivalent action on the Issuer credit ratings was taken by the rating agencies. This could have a material adverse effect on the Issuer's cost of funding and access to debt market, with a potential adverse effect on the Issuer's financial condition or result of operation.

- *Risk relating to the downgrading of the Issuer's ratings*

The Issuer has the following ratings assigned to it: BBB- by Fitch and BBB by Standard & Poor's. If a significant deterioration or downgrading of the Issuer's ratings to a sub-investment grade rating occurs, this may adversely affect the Issuer's access to alternative sources of funding and may increase the cost of funding, all of which could have an adverse effect on the Issuer's financial condition or results of operations.

The Issuer has on-going dialogue with the rating agencies, in order to let them evaluate the Issuer's creditworthiness. In light of the most recent rating agencies' assessments, the Issuer's creditworthiness is not reasonably expected to have a material deterioration in the near future, however it cannot be excluded that this may occur and lead to the negative effects on the Issuer's financial condition or results of operations described above.

Liquidity and Financing risks

The Group may need to raise further debt from time to time to, among other things, finance future capital expenditure and enable it to refinance its existing indebtedness in the ordinary course of business. FS adopts asset/liability management techniques in raising debt capital and financing for the Group and maintains continuous control of Group funding needs and ensures ongoing funds availability, also by recourse to consistent cash holdings and committed lines. There can be no assurance that the Group will be able to raise future debt on terms that are economically viable or at all and this may have an adverse effect on the Issuer's business and results of operations. As of 30 June 2020, principal repayments due up to 2022 related to debt held by FS, Trenitalia S.p.A. ("**Trenitalia**"), Rete Ferroviaria Italiana S.p.A. ("**RFI**") and ANAS S.p.A. ("**ANAS**") (which together held 96.9% of total debt as of 30 June 2020), amount to Euro 3,665 million.

For further detail, see also "*Description of the Issuer – Debt Structure*".

Interest Rate risks

The Group is mainly exposed to interest rate risk related to loans which bear variable rates of interest. The Group companies which are most exposed to this risk (including Trenitalia and RFI) have entered into hedging transactions on the basis of specific risk management policies approved by the respective Boards of Directors and implemented with the technical and operating support of FS, with the aim of managing the exposure to changes in interest rates. In particular, as of 30 June 2020, after hedging transactions, more than a half of debt held by FS, RFI, ANAS and Trenitalia (which together held 96.9% of total debt) has fixed rates of interest.

The Group does not enter into derivatives for speculative purposes. There can be no assurance that such hedging transactions will be successful in eliminating the risks deriving from changes in interest rates, or the Group will be able to further implement transactions to hedge interest rate risk related to new debt issues and this may have an adverse effect on the Issuer's business and results of operations.

Risks relating to the Group's relationship with the Republic of Italy

- Risks relating to the renewal of the main concessions

The nature of FS' business, as a contractor for activities of public interest, implies the risks connected with the terms of renewal upon the expiry of any concession agreements (mainly, the RFI *Contratto di Programma*, ANAS *Contratto di Programma* and the Trenitalia *Public Service Contracts*, all of these are detailed in the section Business Description) with the Italian Government.

These long-standing agreements or concessions with Italian governmental bodies have been extended upon expiry since their establishment and FS is expecting that such agreements and concessions will be further extended in the future in light of the strategic role played by FS and its subsidiaries and the volume of the investments made in connection with such agreements and concessions. However, should these agreements and concessions not be extended in the future, FS' results of operation and financial condition may be adversely affected.

- Risks relating to the Issuer's control by the Republic of Italy

The Italian State owns 100% of the Issuer's paid up capital. The Italian State, acting through the Ministry of Economy and Finance ("**MEF**"), controls the Issuer and has the power to elect and remove its directors, as constituted from time to time, or committees thereof. Part of FS' debt (as of 30 June 2020 equal to 5.9% of total debt) is serviced by State transfers arising from specific State laws. Given the importance of the Italian railway

sector to the national economy, the State could require the Issuer to take actions designed to serve the public interest in Italy which may not necessarily be designed to maximise FS' profits.

Risks relating to the Issuer's business activity and industry

Operational risks

The Group operates in a technically complex sector. Unforeseen technical problems could lead to service interruptions and a decline in punctuality of the Group's rail transport activities. Reductions in punctuality could in turn affect the perceived quality of the service provided by the Group and result in a loss of customers, which could directly impact the Group's financial performance.

Railway infrastructure and operations is also sensitive to interruptions/inconveniences due to faults in plant and technologies, natural disasters and vandalism, which could affect operating service continuity, bringing it to below expected quality standards and therefore generate potential negative effects on company results.

Furthermore, the Group outsources rolling stock and railway and road network maintenance and construction, while it also uses third party manufacturers of spare parts for maintenance. A risk may arise from the Group's failure to comply with the contractual functional specifications of material delivered by its manufacturers. In recent years, the group has substantially changed the way in which it procures materials, revising its internal procedures and, in accordance with public contracting regulations, has prioritised purchase methods entailing the procurement of all parts relating to safety from original parts manufacturers only, while it always calls public calls to tenders for all other parts.

The above-mentioned risks might cause operational difficulties that may have an adverse effect on the Group's business and results of operations.

Business risks

Although FS Group – through Trenitalia - maintains a strong market share in the railway market in Italy, where the long distance rail market is the only European market that is opened to competition (since before the implementation of the Fourth Railway Package), the increasing competition on high-speed routes may have a negative impact on the Group's business and profitability. In this respect, it should be noted that the significant investment made by FS in the railway market aims at increasing both the relevant market demand and FS' relevant market share.

Regional transportation risks

In respect of the Italian regional transport segment, since 2012, there have been several developments in the applicable legislative framework and FS cannot rule out the introduction of further legislative amendments in the future. In Judgement 199/2012, delivered in July 2012, the Italian Constitutional Court declared the constitutional illegality of art. 4 of Law 148/2011, converting Legislative Decree n.138/2011 into law, which provided for the obligation to launch tenders for the regional transport service upon the expiry of the contracts in place with the Group.

The Group has entered into contracts with the Regional Authorities which do not depend on the procedures through which the Regional Authorities themselves may find the necessary sources of financing. These processes could have a negative impact on the mobility needs expressed by local areas and on planning criterion imposed by the railway sector in relation to the time required for the implementation of any investment plans. Although safeguards for investments have been provided for in executing the service contracts, there remains uncertainty in respect of the future developments in the legislative framework. This uncertainty may have a negative impact on the Group's results of operations, specifically in relation to the contracts it entered into with Regional Authorities.

For further detail, see also "*Description of the Issuer – Regional Public Service Contracts*".

IT risks

The Group relies heavily on its telecommunications network and computer systems for coordination of scheduling and other aspects of its railway operations as well as accounting, ticket sales for passenger trains, tracking cargo deliveries and numerous other functions. Hardware and software used by the Group may be damaged by human

error, natural disaster, power loss and other events. In order to ensure continuous availability of IT operations, the Group has in place a redundancy methodology for operations and data backup as well as a fail-safe network coupling. These measures safeguard critical business and IT processes and prevent serious breakdowns. However, there can be no assurance that the implemented safeguard measures will be sufficient and/or be able to prevent any IT system failures which may, in turn, have an adverse effect on the Group's business and results of operations, including increased expenses and decreased revenues. Specifically, in order to continue minimising this risk in any circumstances and to ensure service continuity or recovery in the shortest amount of time possible following potential IT infrastructure disaster, FS Group is implementing business continuity solutions for business critical systems only. The maximum tolerance range for these systems to restore services and update the data is not more than 30 minutes, which is higher than the current limits of the disaster recovery plan.

In addition, the Issuer is subject to the regulations governing the protection, collection and processing of personal data in the jurisdictions in which we operate. The Issuer is exposed to the risk that the data could be damaged or lost, or removed, disclosed or processed (data breach) for purposes other than those authorized by the customer, including by unauthorized parties (such as third parties or Group employees).

The possible destruction, damage or loss of customer, employee or third party data, as well as its removal, unauthorized processing or disclosure, would have a negative impact on FS' business and reputation, and could subject the Issuer to fines, with consequent negative effects on FS' business, results of operations or financial condition.

In addition, changes to such regulation could impose more stringent sanctions for violations and could have a negative impact on the Group's business insofar as they lead the Group to incur additional compliance costs.

There are possible risks with regard to the reliability of the system (disaster recovery), the quality and integrity of the data managed and the threats to which IT systems are subject, as well as physiological risks related to the management of software changes (change management), which could have negative effects on the Group's operations, as well as on the Issuer's capital and financial situation.

Among the risks the Issuer faces relating to the management of IT systems there are the possible violations of the Group's systems due to unauthorized access to the corporate network or IT resources, the introduction of viruses into computers or any other form of abuse carried out via internet. Like attempted hacking, such violations have become more frequent over the years throughout the world and therefore can threaten the protection of information relating to us and our customers and can have negative effects on the integrity of the Issuer's IT systems, as well as on the confidence of the customers and on the Issuer's reputation, with possible negative effects on the Issuer's capital and financial condition.

Regulatory Risk

FS bears a regulatory risk as it operates in a sector regulated by an independent authority, the Italian Transport Regulation Authority ("ART"). The ART is in charge of enacting economic regulation in the field of transport and access to related infrastructures and services. In particular, the ART determines criteria for infrastructure charge and route allocation and defines tender schemes to award public service contracts. In this respect, the ART issues rules that may have an impact on the Issuer's activities and business. The Issuer is also subject to a regulatory framework at European level. For instance, the Directive (EU) 2016/2370 of the European Parliament and the Council – "Fourth Railway Package" (as implemented in Italy by Legislative Decree n. 139 of 23 November 2018) as regards the opening of the market for national passenger railway transport services and the governance of railway infrastructure. FS' results of operations and financial condition may be adversely affected by any material changes in law or regulation in FS' areas of business adopted by Italian and/or European bodies.

Risks related to Litigation and Contracts

FS and the Group may be involved in disputes, procedures and litigation arising from claims for damages and/or from legal disputes or formal investigations. Provisions are made for legal and contractual risks after estimating the respective probability of their occurrence. The actual utilization of these provisions depends on whether the risks materialize to the extent set forth in the Group's current estimates. The current litigation proceedings led to the booking of a provision for an amount of Euro 1,927 million in the consolidated financial statements for the financial year ended on 31 December 2019, as stated in note 26 of the consolidated financial statements for the financial year ended on 31 December 2019 of FS (see "*Information incorporated by reference*"). A negative outcome resulting from such disputes could have an adverse effect on the Issuer's business and results of

operations. For proceedings currently considered to involve material risks relating to the Issuer, see also "*Description of the Issuer – Litigation*".

Workforce risks

The changes in legislation with regard to social security and pension reform in Italy represent an element of high risk due to the repercussions they could cause in terms of their impact on the policies planned for the human resources management within the Group. Such repercussions may, in the future, have a negative financial impact on the Group's results of operations.

Environmental risks

The Group's operations are subject to extensive environmental laws and regulations as it operates as a contracting entity for infrastructure construction works and transport of freight that could potentially be hazardous to the environment. Compliance with environmental regulations is an on-going process and, as such, new laws and regulations, the imposition of more stringent requirements, increasingly strict enforcement or new interpretations of existing environmental laws may require the Group to modify its operations, incur substantial unbudgeted costs to comply with current or future regulations or incur fines or penalties for environmental violations that could have a material adverse effect on the Group's business, profitability and operating results.

Procurement risks

In the context of its ordinary business activity, mainly related to transportation services and infrastructure management, both rail and road, the Group purchases commodities, energy and various services, which are essential to its business. As a consequence, notwithstanding procurement management policies that the Group has in place, the Group may be affected by procurement prices for such commodities, energy and services which may shift depending on market trends. In this respect, the Group may not be able to transfer (or may only be able to transfer to a limited extent) to transfer greater procurement costs to sales prices to customers, with a consequent impact on the profit margin of the Group's products and services.

Project risks

The investments carried on by the Group in the overall transportation system, both rail and road, require high amounts of capital expenditures and involve complex projects which are frequently on a multi-year terms. Changes in the legal framework, delays in deliveries of such projects or technical adjustments during the project terms can result in increasing costs. As such, changes listed above could lead to increased costs and/or have an adverse effect on the Issuer's business and results of operations.

Risks associated with Notes issued under the Programme

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 of such features, distinguishing between factors which may occur in relation to any Notes:

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 would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such 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.

If the interest rate on any Notes convert from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which 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 market rates.

Notes issued at a substantial discount or premium

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

Reform of LIBOR and EURIBOR and other interest rate index and equity, commodity and foreign exchange rate index "benchmarks"

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

The EU Benchmarks Regulation and the UK Benchmarks Regulation each apply to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU and the UK, respectively. The EU Benchmark Regulation and UK Benchmark Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms, on 27 July 2017, the UK Financial Conduct Authority (the "**FCA**") announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and, on 12 July 2018, announced that the LIBOR benchmark may cease to be a regulated benchmark under the EU Benchmarks Regulation. Such announcements indicate that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on Sterling risk free rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separately the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro financial system.

The elimination of LIBOR, EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 7(j) (*Benchmark Discontinuation*)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR, EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The "Terms and Conditions of the Notes" provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR or LIBOR (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, unlawful or unrepresentative, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used.

This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

CMS Linked Interest Notes

The Issuer may issue Notes with interest determined by reference to the CMS Rate which determine the amount of interest (a "**relevant factor**"). Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) they may receive no interest;
- (c) the relevant factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (d) if the relevant factor is applied to the Notes in conjunction with a multiplier greater than one or contains any other leverage factor, the effect of changes in the relevant factor on interest payable is likely to be magnified; and

the timing of changes in the relevant factor may affect the actual yield to investors, even if the average level is consistent with their expectations.

In respect of any Notes issued with a specific use of proceeds such as a "green bond" there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor.

If in respect of any particular issue of Notes there is a particular identified use of proceeds including Eligible Green Projects (as defined under "*Use of Proceeds*" below), this will be specified in the applicable Final Terms. Prospective investors should have regard to the information set out in such Final Terms regarding use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary.

In particular, the Issuer may choose to apply the proceeds from the issue of any Notes for Eligible Green Projects which have been defined in accordance with the broad categorisation of eligibility for green projects set out by the International Capital Market Association ("**ICMA**") Green Bond Principles. No assurance is given by the Issuer or the Dealers that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental sustainability or social impact of any projects or uses the subject of or related to, any Eligible Green Projects.

There can be no assurance that the relevant project(s) or use(s) (including those the subject of, or related to, any Eligible Green Projects) will be capable of being implemented in or substantially in the manner described in the Final Terms and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such project(s) or use(s). Nor can there be any assurance that any such projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a green or sustainable or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as green or sustainable or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any project(s) or use(s) the subject of or related to any Eligible Green Projects will meet any or all investor expectations regarding such green, sustainable or other equivalently-labelled performance objectives (including those set out under Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called "**EU Taxonomy**") or Regulation (EU) 2020/852 as it forms part of domestic law in the United Kingdom by virtue of the EUWA) or that any adverse environmental, social and/or other impacts will not occur during the implementation of any project(s) or use(s) the subject of, or related to, any Eligible Green Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes and in particular with any Eligible Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion, report or certification (i) is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus, (ii) is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Notes and (iii) would only be current as of the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion, report or certification and/or the information contained therein and/or the provider of such opinion, report or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions, reports and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any Notes are listed or admitted to trading on any dedicated green, environmental, sustainable or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, for example with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. Additionally, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any project(s) or use(s), including any Eligible Green Projects, and/or the withdrawal of any opinion, report or certification as described above or any such opinion, report or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion, report or certification is opining or certifying on, and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended by the Issuer to finance Eligible Green Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risks relating to Change of Control Put Option mechanism

A Change of Control (as such term is defined in Condition 9(g) (*Redemption at the option of Noteholders upon a Change of Control Put Event*)) of the Issuer may activate the right of Noteholders to require the Issuer to redeem the Notes (the "**Change of Control Put Option**") if, at the time such Change of Control occurs, there is also a downgrade in the credit rating assigned to the Notes, all as described in more detail in Condition 9(g) (*Redemption at the option of Noteholders upon a Change of Control Put Event*). If the Notes are unrated at the time of the Change of Control, the Noteholders' Change of Control Put Option is exercisable immediately upon the Change of Control occurring, in accordance with the procedures set out in Condition 9(g) (*Redemption at the option of Noteholders upon a Change of Control Put Event*). The Issuer has certain other financing arrangements in place that were executed before any credit ratings were assigned to the Issuer and which permit the relevant creditors, including certain of the Dealers (the "**Other Financing Creditors**"), to activate a Change of Control put option regardless of the fulfilment of any additional condition (including any subsequent downgrade in the Issuer's or its securities' credit ratings). Therefore, should a Change of Control in respect of the Issuer occur, holders of Notes that are rated should be aware that they may be able to exercise their Change of Control Put Option only at a later stage, as compared to both (i) holders of Notes that are unrated and (ii) the Other Financing Creditors, who may exercise their put option immediately upon the Change of Control occurring.

Risks related to Notes generally

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

Modification and waiver

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.

Notes under the programme are governed by English Law, and change of law cannot be foreseen at the date hereof

The conditions of the Notes are governed by English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to applicable English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued

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.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Potential conflicts of interest

Any Calculation Agent appointed under the Programme (whether the Fiscal Agent, any Paying Agent or otherwise) is the agent of the Issuer and not the agent of the Noteholders. Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a Calculation Agent), including with respect to certain determinations and judgments that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

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

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. In addition, Notes issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such Notes may be adversely affected.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes 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 or the ability of the Issuer to make payments in respect of the Notes. 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 if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings

One or more independent credit rating agencies may assign credit ratings to the Notes. 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. 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.

In general, EEA regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. The list of registered and certified

rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

INFORMATION INCORPORATED BY REFERENCE

The following documents have previously been published or are published simultaneously with this Base Prospectus and have been filed with the Central Bank of Ireland and shall be incorporated in, and form part of, this Base Prospectus:

1. the audited consolidated financial statements (including the notes thereto) of the Issuer as at and for the year ended 31 December 2018 (the "**2018 Consolidated Financial Statements**") and the auditor's report in respect of the 2018 Consolidated Financial Statements;

https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/investor-relations/financial-statements/FS_Italiane_2018_Annual_Report.pdf

2. the audited consolidated financial statements (including the notes thereto) of the Issuer as at and for the year ended 31 December 2019 (the "**2019 Consolidated Financial Statements**") and the auditor's report in respect of the 2019 Consolidated Financial Statements;

https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/investor-relations/financial-statements/FS_Italiane_2019_Annual_Report.pdf

3. the summary of the main interim consolidated results of the Issuer as at 30 June 2020 (the "**2020 Interim Report Highlights**"); and

https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/investor-relations/financial-statements/FS_Group_2020_Interim_Report_Highlights.pdf

4. the terms and conditions of the base prospectus of the Issuer dated 17 December 2019 (the "**2019 Base Prospectus**").

https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/IR_FS_EMTN_Update_2019_Base_Prospectus.pdf

provided, however, that any statement contained in this Base Prospectus or in any information or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement, **provided that** such modifying or superseding statement is made by way of a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation.

The tables below set out the relevant page references for the 2018 Consolidated Financial Statements, the 2019 Consolidated Financial Statements, the 2020 Interim Report Highlights and the 2019 Base Prospectus:

2018 and 2019 Consolidated Financial Statements	2018	2019
Consolidated statement of financial position	167	170
Consolidated Income Statement	168	171
Consolidated Statement of Comprehensive Income	169	172
Consolidated statement of changes in equity	170	173
Consolidated statement of cash flows	171	174
Notes to the consolidated financial statements	172-297	175-287

2018 and 2019 auditor's reports in respect of the Consolidated Financial Statements

Auditor's report in respect of the 2018 Consolidated Financial Statements	All (pages 402 - 405 of PDF)
Auditor's report in respect of the 2019 Consolidated Financial Statements	All (pages 311 - 318 of PDF)

2020 Interim Report Highlights	2020
Statement of financial position	27
Income Statement	28
Statement of Comprehensive Income	29
Statement of changes in equity	30
Statement of cash flows	31

2019 Base Prospectus

The terms and conditions of the 2019 Base Prospectus

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The information incorporated by reference that is not included in the cross reference lists above is considered additional information and is not required by the relevant schedules of Commission Regulation (EU) No. 2019/980 (as amended).

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at the registered office of the Issuer. Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section, the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme, the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as completed by the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes.

FORM OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without interest coupons, or a permanent global note (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006, the European Central Bank (the "**ECB**") announced that global bearer notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership **provided, however, that** in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

- (e) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (f) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued

interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 12 March 2021 (the "**Deed of Covenant**")) executed by the Issuer.

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form ("**Definitive Notes**"):

- (a) on the expiry of such period of notice as may be specified in the Final Terms; or
- (b) at any time, if so specified in the Final Terms; or
- (c) if the Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:
 - (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
 - (ii) any of the circumstances described in Condition 12 (*Events of Default*) occurs and is continuing.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 60 days of the bearer requesting such exchange.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (a) and (b) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (c) above, Notes may be issued in denominations which represent the aggregate of (i) a minimum denomination of €100,000, plus (ii) integral multiples of €1,000, **provided that** such denominations are not less than €100,000 nor more than €199,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or
- (c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on the date on

which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (London time) on such due date ((c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 60 days of the bearer requesting such exchange.

If:

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

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:
 - (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

- (ii) any of the circumstances described in Condition 12 (*Events of Default*) occurs and is continuing.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of (i) a minimum denomination of €100,000, plus (ii) integral multiples of €1,000, **provided that** such denominations are not less than €100,000 nor more than €199,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 60 days of the bearer requesting such exchange.

If:

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

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date ((b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Rights under Deed of Covenant

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

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

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1. Introduction

- (a) **Programme:** Ferrovie dello Stato Italiane S.p.A. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €7,000,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) **Agency Agreement:** The Notes are the subject of an issue and paying agency agreement dated 12 March 2021 (the "**Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) **The Notes:** All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the specified office of the Fiscal Agent, the initial specified office of which is set out below.
- (e) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement. In case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons will be attached on issue ("**Talons**").

2. Definitions and Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"Business Day Convention", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
- (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
- (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
- (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Agent" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"Calculation Amount" has the meaning given in the relevant Final Terms;

"Change of Control" has the meaning given in Condition 9(g) (*Redemption at the option of Noteholders upon a Change of Control Put Event*);

"Change of Control Notice" has the meaning given in Condition 9(g) (*Redemption at the option of Noteholders upon a Change of Control Put Event*);

"Change of Control Put Date" has the meaning given in Condition 9(g) (*Redemption at the option of Noteholders upon a Change of Control Put Event*);

"Change of Control Put Event" has the meaning given in Condition 9(g) (*Redemption at the option of Noteholders upon a Change of Control Put Event*);

"**Change of Control Put Notice**" has the meaning given in Condition 9(g) (*Redemption at the option of Noteholders upon a Change of Control Put Event*);

"**Change of Control Put Period**" has the meaning given in Condition 9(g) (*Redemption at the option of Noteholders upon a Change of Control Put Event*);

"**Change of Control Put Receipt**" has the meaning given in Condition 9(g) (*Redemption at the option of Noteholders upon a Change of Control Put Event*);

"**Change of Control Redemption Amount**" means, in respect of any Note, 101% of its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Consolidated Assets**" means, with respect to any date, the consolidated total assets of the Group as reported in the most recently published audited annual consolidated financial statements of the Issuer;

"**Consolidated Revenues**" means, with respect to any date, the consolidated total revenues of the Group as reported in the most recently published audited annual consolidated financial statements of the Issuer;

"**Contratti di Programma**", means the framework agreements, including any relevant related documentation, between Rete Ferroviaria Italiana S.p.A. and the Italian Ministry of Infrastructure and Transportation which are, for the time being, the basis for the funding of rail infrastructure development and related investments (*parte investimenti*) and services (*parte servizi*) (or any other instrument, contract, memorandum of understanding, document or agreement of any nature, law or regulation which, for the time being, are the basis for such funding) and which, in respect of any instrument, contract, memorandum of understanding, document or agreement of any nature, shall refer to such instrument, contract, memorandum of understanding, document or agreement as amended, supplemented, restated or novated from time to time, and in respect of any law or regulation, shall refer to such law or regulation as extended, amended or re-enacted;

"**CMS Rate**" means the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question, all as determined by the Calculation Agent;

"**CMS Reference Banks**" means (i) where the Reference Currency is Euro, the principal office of five major banks in the Euro-zone inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five major banks in the London inter-bank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five major banks in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five major banks in the Relevant Financial Centre inter-bank market, in each case selected by the Issuer on the advice, free of costs, of an investment bank of international repute;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if "**Actual/Actual (ICMA)**" is so specified, means:
 - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of

days in such Regular Period and (2) the number of Regular Periods in any year; and

- (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (iii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iv) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (v) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (vi) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30";

- (vii) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

- (viii) if "30E/360 (ISDA)" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation 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 D2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

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

"**Designated Maturity**" has the meaning given in the relevant Final Terms;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**Euro**" means the 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;

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

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Group**" means the Issuer and its Subsidiaries from time to time;

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

"**High Speed Project**" means the design, construction, maintenance and development of the new technologically advanced railway lines implemented by the Group to develop and maintain the high speed transport services;

"**Indebtedness**" means any present or future indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility
- (b) any amount raised by acceptance under any acceptance bank credit facility or dematerialised equivalent;
- (c) amounts raised under any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); and
- (f) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"Instalment Date(s)" means the date(s) specified in the relevant Final Terms;

"Instalment Amount(s)" means the amount(s) specified in the relevant Final Terms;

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"Interest Determination Date" has the meaning given in the relevant Final Terms;

"Interest Payment Date" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"ISDA Definitions" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"Issue Date" has the meaning given in the relevant Final Terms;

"LIBOR" means, in respect of any specified currency and any specified period, the London inter-bank offered rate for that currency and period displayed on the appropriate page (being currently Reuters screen page LIBOR01 or LIBOR02) on the information service which publishes that rate;

"Margin" has the meaning given in the relevant Final Terms;

"Material Subsidiary" means any Subsidiary of the Issuer which accounts for 15% or more of the Consolidated Assets or Consolidated Revenues of the Group;

"Maturity Date" has the meaning given in the relevant Final Terms;

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms;

"Minimum Redemption Amount" has the meaning given in the relevant Final Terms;

"Non-recourse Securitisation" means any securitisation, asset backed financing or transaction having similar effect under which an entity (or entities in related transactions) on commercially reasonable terms:

- (a) acquires receivables for principally cash consideration or uses existing receivables; and
- (b) issues any notes, bonds, commercial paper, loans or other securities (whether or not listed on a recognised stock exchange) to fund the purchase of or otherwise backed by those receivables and/or any shares or other interests falling under the scope of item (e)(2) of the Permitted

Security Interest definition and the payment obligations in respect of such notes, bonds, commercial paper, loans or other securities:

- (i) are secured on those receivables; and
- (ii) are not guaranteed by any member of the Group (other than as a result of any Security Interest which is granted by any member of the Group in accordance with item (e)(2) of the Permitted Security Interest definition or as to the extent of any Standard Securitisation Undertakings);

"Non-recourse Securitisation Debt" means any Relevant Indebtedness incurred by a Securitisation Entity pursuant to a securitisation of receivables where the recourse in respect of that Relevant Indebtedness to the Issuer or a Material Subsidiary is limited to:

- (a) those receivables and/or related insurance and/or any Standard Securitisation Undertakings; and
- (b) if those receivables comprise all or substantially all of the business or assets of such Securitisation Entity, the shares or other interests of any member of the Group in such Securitisation Entity;

"Noteholders' Representative" has the meaning given in Condition 16(b) (*Noteholders' Representative*);

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"Optional Redemption Amount (Put)" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"Optional Redemption Date (Call)" has the meaning given in the relevant Final Terms;

"Optional Redemption Date (Put)" has the meaning given in the relevant Final Terms;

"Participating Member State" means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

"Payment Business Day" means:

- (a) if the currency of payment is euro, any day which is:
 - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day 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:
 - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Permitted Reorganisation" means any *fusione* or *scissione* (such expressions bearing the meanings ascribed to them by the laws of the Republic of Italy) or any other reconstruction, amalgamation, reorganisation, merger, consolidation, or other similar arrangement, in each case:

- (a) on terms approved by an Extraordinary Resolution of the Noteholders; or
- (b) occurring by operation of law; or
- (c) in the case of a Material Subsidiary, whilst solvent whereby all or a substantial part of the assets and undertaking of such Material Subsidiary are transferred to or otherwise vested in the Issuer or another Material Subsidiary (or a Subsidiary which, as a result of such transfer or vesting, becomes a Material Subsidiary); or
- (d) in the case of the Issuer, whilst solvent whereby all or a substantial part of the assets and undertaking of the Issuer are transferred to an entity (such entity being, for the avoidance of doubt, prior to or immediately upon such transfer, a Subsidiary of the Issuer) and such entity (1) assumes or maintains (as the case may be) liability as principal debtor in respect of the Notes; and (2) continues substantially to carry on the business of the Issuer;

"Permitted Security Interest" means:

- (a) any Security Interest arising by operation of law (or agreement evidencing the same) in the ordinary course of business of the Issuer or any of its Subsidiaries which does not (either alone or together with any one or more other such Security Interests) materially impair the operation of such business prior to any enforcement of any such Security Interest or, as appropriate, Security Interests against the assets to which it or, as appropriate, they attach(es);
- (b) in the case of any entity which becomes a Subsidiary of any member of the Group after the Issue Date of the Notes, any Security Interest securing Relevant Indebtedness existing over its assets at the time it becomes such a Subsidiary **provided that** the Security Interest was not created in contemplation of or in connection with it becoming a Subsidiary and the amounts secured have not been increased in contemplation of or in connection with such acquisitions;
- (c) any Security Interest securing any Project Finance Indebtedness in the form of Relevant Indebtedness;
- (d) any Security Interest created to secure loans or notes provided, supported or subsidised by a governmental agency, export credit agency or a lending organisation established by the United Nations, the European Union or other international treaty organisation (such as the European Investment Bank and Eurofima – European Company for the Financing of Railroad Rolling Stock);
- (e) any Security Interest created over (1) the receivables of a Securitisation Entity (and any bank account to which such proceeds are deposited) which are subject to a Non-recourse Securitisation as security for Non-recourse Securitisation Debt raised by such Securitisation Entity in respect of such receivables; and/or (2) the shares or other interests owned by any member of the Group in any Securitisation Entity as security for Non-recourse Securitisation Debt raised by such Securitisation Entity, provided, in each case, that the receivables or revenues which are the subject of the relevant Non-recourse Securitisation comprise all or substantially all of the business of such Securitisation Entity, or any Security Interest created in order to extend, renew or replace, in whole or in part, any Security Interest referred to in this paragraph (or any successive extensions, renewals or replacements thereof) or extend, renew or refinance any Relevant Indebtedness secured by any Security Interest permitted by this paragraph;
- (f) any Security Interest created in connection with convertible bonds or notes where the Security Interest is created over the assets into which the convertible bonds or notes may be converted and secures only the obligation of the Issuer to effect the conversion of the bonds or notes into such assets;
- (g) to the extent that it does not fall within paragraphs (a) to (f) above, any Security Interest in existence on the date of this Base Prospectus which secures Indebtedness outstanding on such date; and

- (h) any Security Interest created in substitution of any Security Interest permitted under paragraphs (a) to (g) above over the same or substituted assets **provided that** (1) the principal amount secured by the substitute Security Interest does not exceed the principal amount outstanding and secured by the initial Security Interest and (2) in the case of substituted assets, the market value of the substituted assets as at the time of substitution does not exceed the market value of the assets replaced,

provided that the aggregate amount of any Indebtedness secured by any Security Interest pursuant to paragraphs (b) to (h) above shall not, at any time, exceed 20% of the Group's Consolidated Assets;

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

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"Project" means the ownership, development, design, construction, operation and maintenance of the High Speed Project;

"Project Finance Indebtedness" means any present or future, secured or unsecured, Indebtedness of any member of the Group incurred to finance or refinance the Project, whereby (A) the claims of the relevant creditor(s) against the borrower are limited to (i) the amount of cash flow or net cash flow generated by and through the Project during the tenor of such Project Finance Indebtedness and/or (ii) the amount of proceeds deriving from the enforcement of any Security Interest taken over the Project to secure the Project Finance Indebtedness and (B) the relevant creditor has no recourse whatsoever against any assets of any member of the Group other than the Project and the Security Interest taken over the Project to secure the Project Finance Indebtedness;

"Put Option Notice" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Put Option Receipt" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"Rating Agency" means any of Fitch Ratings Ireland Limited or S&P Global Ratings Europe Limited, and any other rating agency substituted for either of them by the Issuer and, in each case, any of their respective successors to the rating business thereof;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Change of Control Redemption Amount, the Early Termination Amount, the Instalment Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"Reference Banks" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate, on the advice, free of costs, of an investment bank of international repute;

"Reference Currency" has the meaning given in the relevant Final Terms;

"Reference Price" has the meaning given in the relevant Final Terms;

"Reference Rate" means EURIBOR, LIBOR or the CMS Rate as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

"Regular Period" means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"Relevant Date" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Financial Centre" has the meaning given in the relevant Final Terms;

"Relevant Indebtedness" means (i) any Indebtedness, whether present or future, which is in the form of or represented by any bond, note (including, for the avoidance of doubt, any note issued on a private placement basis to investors located in the United States or elsewhere), debenture, debenture stock, loan stock, certificate, commercial paper or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange, over-the-counter or other organised market for securities or (ii) any guarantee and/or indemnity in relation to any such Indebtedness;

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Relevant Swap Rate" means:

- (a) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;
- (b) where the Reference Currency is sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate

swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;

- (c) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (d) where the Reference Currency is any other currency or if the Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the applicable Final Terms;

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Representative Amount**" means an amount that is representative for a single transaction in the relevant market at the relevant time;

"**Reserved Matter**" has the meaning given to such term in Condition 16(a) (*Meetings of Noteholders*);

"**Securitisation Entity**" means any special purpose vehicle created for the sole purpose of carrying out, or otherwise used solely for the purpose of carrying out a Non-recourse Securitisation or any other Subsidiary which is effecting Non-recourse Securitisations;

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

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Standard Securitisation Undertakings**" means representations, warranties, covenants and indemnities entered into by any member of the Group from time to time which are customary in relation to Non-recourse Securitisations, including any performance undertakings with respect to servicing obligations or undertakings with respect to breaches of representations or warranties;

"**Subsidiary**" means, a company which is a *società controllata* as provided by Article 2359, paragraph 1 of the Italian Civil Code;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) **Interpretation**

In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable", then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination and Title**

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

4. **Status**

The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Negative Pledge**

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall ensure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future assets to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other Security Interest for the Notes as

may be approved by an Extraordinary Resolution of Noteholders or (c) the prior written approval by an Extraordinary Resolution of Noteholders.

6. Fixed Rate Note Provisions

- (a) **Application:** This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) **Calculation of interest amount:** The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. Floating Rate Note Provisions

- (a) **Application:** This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Screen Rate Determination for Floating Rate Notes other than Floating Rate Notes linked to the CMS Rate:** If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is not specified as the Reference Rate, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
 - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the

Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
 - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;

- (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable:
 - (A) the Issuer will request the principal Relevant Financial Centre office of each of the Reference Banks to provide the Calculation Agent with a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) the Calculation Agent will determine the arithmetic mean of such quotations; and
- (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer on the advice, free of costs, of an investment bank of international repute, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of the immediately preceding Interest Period for which such rate or arithmetic mean was determined.

- (d) **Screen Rate Determination for Floating Rate Notes which are linked to the CMS Rate:** If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is specified as the Reference Rate, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent by reference to the following formula:

CMS Rate plus Margin

If the Relevant Screen Page is not available, the Issuer shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Calculation Agent with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If, on any Interest Determination Date, less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin related to that last preceding Interest Period).

- (e) **ISDA Determination:** If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Euro-zone inter-bank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms; and
- (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
 - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than

the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

- (f) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount and multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose, a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (h) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer and the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination, the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (i) **Notifications etc:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (j) **Benchmark Discontinuation:** If a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 7(j)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 7(j)(cc)) and any Benchmark Amendments (in accordance with Condition 7(j)(dd)).

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents or the Noteholders for any determination made by it pursuant to this Condition 7(j) and the Paying Agents will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof.

(aa) If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 7(j) prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference

Rate shall be the Reference Rate applicable to the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this Condition 7(j)(aa) (*Benchmark Discontinuation*) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 7(j).

- (bb) If the Independent Adviser determines in its discretion that:
 - (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7(j)(cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(j) in the event of a further Benchmark Event affecting the Successor Rate; or
 - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7(j)(cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(j) in the event of a further Benchmark Event affecting the Alternative Rate.
- (cc) If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).
- (dd) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7(j) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the applicable Final Terms Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), subject to giving notice thereof in accordance with Condition 7(j)(ee), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Paying Agents shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 7(j)).
- (ee) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 7(j) will be notified promptly by the Issuer to the Paying Agents and the Calculation Agent, and in accordance with Condition 18 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.
- (ff) No later than notifying the Paying Agents of the same, the Issuer shall deliver to the Paying Agents a certificate signed by two authorised signatories of the Issuer:
 - (A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 7(j); and

(B) certifying that the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread.

(gg) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

(hh) As used in this Condition 7(j):

"Adjustment Spread" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or
- (C) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 7(j)(ii) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency.

"Benchmark Event" means:

- (A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (B) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "Specified Future Date"); or
- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the "**Specified Future Date**"),

be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or

- (E) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, (i) such Reference Rate is no longer representative of an underlying market or (ii) the methodology to calculate such Reference Rate has materially changed; or
- (F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (B), (C) or (D) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

"Benchmark Amendments" has the meaning given to it in Condition 7(j)(dd).

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense under Condition 7(j).

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

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

"Successor Rate" means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

8. **Zero Coupon Note Provisions**

- (a) **Application:** This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Late payment on Zero Coupon Notes:** If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Redemption and Purchase**

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date or, in case Condition 9 (b) (*Redemption by Instalments*) applies its final Instalment Amount on the final Instalment Date, subject as provided in Condition 10 (*Payments*).
- (b) **Redemption by Instalments:** If the Redemption by Instalments is specified in the relevant Final Terms as being applicable, unless previously redeemed, purchased and cancelled as provided in this Condition 9, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the relevant Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relates to such Instalment Amount.
- (c) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part:
 - (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant final terms, (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*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 or agency thereof or therein having power to tax, or any change in the application or official interpretation or administration 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
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

- (1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant final terms) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant final terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two 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 (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(c).

- (d) **Redemption at the option of the Issuer:** If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant final terms, (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (e) **Partial redemption:** If the Notes are to be redeemed in part only on any date in accordance with Condition 9(d) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(d) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) **Redemption at the option of Noteholders:** If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(f), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant final terms), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall immediately notify the Issuer and shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(f), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(f), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
- (g) **Redemption at the option of Noteholders upon a Change of Control Put Event:** If at any time while the Notes remain outstanding a Change of Control Put Event occurs, the holder of any Note will have the option (unless, prior to the giving of the Change of Control Put Notice referred to below, the Issuer gives notice to redeem the Notes in accordance with Condition 9(c) (*Redemption for tax reasons*)) to require the Issuer to redeem such Note on the Change of

Control Put Date at its Change of Control Redemption Amount together with interest accrued to, but excluding, the Change of Control Put Date.

If a Change of Control Put Event occurs, the Issuer shall, within 14 days of the occurrence of such Change of Control Put Event, give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 18 (*Notices*) specifying the nature of the Change of Control and the procedure for exercising the option contained in this Condition 9(g).

To exercise the right to require redemption of this Note, the holder of this Note must deliver this Note at the specified office of any Paying Agent at any time during the normal business hours of such Paying Agent falling within the period (the "**Change of Control Put Period**") of 45 days after that on which a Change of Control Notice is given, accompanied by 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 "**Change of Control Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition. All unmatured coupons shall be dealt with in accordance with the provisions of Condition 10 (*Payments*). The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the holder concerned a non-transferable receipt (a "**Change of Control Put Receipt**") in respect of the Note so delivered. The Issuer shall redeem the Notes in respect of which Change of Control Put Receipt have been issued on the date (the "**Change of Control Put Date**") being the fifteenth day after the date of expiry of the Change of Control Put Period, unless previously redeemed and purchased. Payment in respect of any Note will be made on the Change of Control Put Date by transfer to the bank account (if any) specified in the Change of Control Put Notice and, in every other case on or after the Change of Control Put Date, in each case against presentation and surrender or (as the case may be) endorsement of such Change of Control Put Receipt at the specified office of any Paying Agent in accordance with the provisions of this Condition 9(g).

For the purposes of these Conditions:

A "**Change of Control**" will be deemed to occur if the Italian Ministry of Economy and Finance (*Ministero dell'economia e delle finanze*) ("**MEF**") ceases to own either directly and/or indirectly (through any arm or body of the Italian State or any company directly or indirectly controlled by MEF) a shareholding which entitles MEF to have the majority of the voting rights in the ordinary and extraordinary shareholders' meetings of the Issuer, both at the first and second summoning (*convocazione*).

A "**Change of Control Put Event**" shall be deemed to occur if:

- (a) Change of Control occurs; and
- (b) if at the time of the Change of Control, the Notes carry a credit rating which is either:
 - (i) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), and such credit rating is, within 90 days of the occurrence of the Change of Control, either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not, within such 90-day period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or
 - (ii) a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), and such credit rating is, within 90 days of the occurrence of the Change of Control, either downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) or withdrawn and is not, within such 90-day period, subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such Rating Agency or (in the case of a withdrawal) replaced by an equivalent credit rating or better from any other Rating Agency.

For the avoidance of doubt, paragraph (b) above shall only apply in the event the Notes carry a credit rating from any Rating Agency at the time of the Change of Control.

- (h) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (g) above.
- (i) **Early redemption of Zero Coupon Notes:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(i) or, if none is so specified, a Day Count Fraction of 30E/360.

- (j) **Purchase:** The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (k) **Cancellation:** All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them may be cancelled and may not be reissued or resold.

10. Payments

- (a) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) **Interest:** Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) **Payments in New York City:** Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) **Payments subject to fiscal laws:** 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 11 (*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. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Deductions for unmatured Coupons:*** If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented for payment on redemption without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void:*** If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(c) (*Redemption for tax reasons*), Condition 9(f) (*Redemption at the option of Noteholders*), Condition 9(d) (*Redemption at the option of the Issuer*), Condition 9(g) (*Redemption at the option of Noteholders upon a Change of Control Put Event*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days:*** If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons:*** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

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

- (j) **Exchange of Talons:** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 13 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

11. Taxation

- (a) **Gross up:** All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision 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 shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
- (i) in the Republic of Italy;
 - (ii) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
 - (iii) 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 not resident in a country which allow for a satisfactory exchange of information with the Italian authorities (the "**White List States**") as listed in the Italian Ministerial Decree dated 4 September 1996, as amended from time to time; or
 - (iv) by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon, by making a declaration or any other statement to the relevant tax authority, including but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or
 - (v) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or
 - (vi) in relation to any payment or deduction of any interest, premium or other proceeds of any Note, or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended from time to time, except where the requirements and procedures set forth in Legislative Decree No. 239 of 1 April 1996, as amended, have not been met or complied with due to the actions or omissions of the Issuer; or
 - (vii) in respect of any Note where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30th September 1983, converted into Law No. 649 of 25 November 1983 as amended from time to time.
- (b) **Taxing jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction. Notwithstanding

any other provision in these Conditions, the Issuer shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to (i) any regulations thereunder or official interpretations thereof, or (ii) an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or (iii) any law implementing such an intergovernmental agreement (any such withholding or deduction, a "**FATCA Withholding**"), and no person shall be required to pay any additional amounts in respect of FATCA Withholding.

12. **Events of Default**

If any of the following events occurs and is continuing:

- (a) **Non-payment:** if default is made by the Issuer 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 7 days in the case of principal and 14 days in the case of interest; or
- (b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) **Cross-default of Issuer or Material Subsidiary**
 - (i) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period; or
 - (ii) any Indebtedness of the Issuer or any of its Material Subsidiaries becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
 - (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,

provided that no such event shall constitute an event of default so long as and to the extent that the Issuer or the relevant Material Subsidiary is contesting in a recognised court and/or jurisdiction, in good faith, that the relevant Indebtedness or Guarantee of any Indebtedness shall be due or enforceable, as appropriate, and **provided further that** the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds €100,000,000 (or its equivalent in any other currency or currencies); or

- (d) **Contratti di Programma:** any of the Contratti di Programma expires and is not renewed (on substantially the same terms) within 12 months of its expiry (or is otherwise terminated), unless the parties thereto continue to perform the relevant obligations therein on materially the same terms, and unless it is replaced by any other instrument, contract, memorandum of understanding, document or agreement of any nature, law or regulation having the same effects thereto on the Group; or
- (e) **Unsatisfied judgment:** the Issuer fails to pay, for a period of 60 days after the date(s) of receipt of notice or, if later, the date therein specified for payment, one or more final judgment(s) or order(s) of a court of competent jurisdiction rendered against the Issuer for the payment in excess of €500,000,000 (or its equivalent in any other currency or currencies), **provided that** no such event shall constitute an event of default so long as and to the extent that the Issuer is contesting in a recognised court or jurisdiction, in good faith, that the relevant amount shall not be due or enforceable, as appropriate, within 60 days of receiving notice of the final judgement or order and such final judgement or order is subsequently discharged within 180 days, commencing on the date on which the Issuer commences the proceedings in the recognised court or jurisdiction; or

- (f) **Insolvency:** (i) the Issuer or any of its Material Subsidiaries is adjudicated or becomes insolvent or is unable to pay its debts as they fall due, or (ii) an administrator or liquidator of the Issuer or any of its Material Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries is appointed (or application for any such appointment is made) where a "**substantial part**" of the Issuer's or any of its Material Subsidiaries' business means a part of the Issuer's or any of its Material Subsidiaries' business which accounts for 25% or more of, alternatively, the Group's Consolidated Assets or Consolidated Revenues, or (iii) the Issuer or any of its Material Subsidiaries takes any action for judicial composition proceedings with its creditors or the appointment of an administrator, liquidator, receiver, administrative receiver or other similar official in insolvency proceedings or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it, **provided that**, in respect of (i) and (ii) above only, no such event shall constitute an event of default so long as and to the extent that the Issuer is contesting such adjudication or appointment in a recognised court or jurisdiction, in good faith within 60 days of such adjudication or appointment and such adjudication or appointment is subsequently discharged within 180 days, commencing on the date on which the Issuer commences the proceedings in the recognised court or jurisdiction; or
- (g) **Cessation of business:** the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business, save for the purposes of or pursuant to, a Permitted Reorganisation, where a "**substantial part**" of the Issuer's or any of its Material Subsidiaries' business means a part of the relevant entity's business which accounts for 25% or more of, alternatively, the Group's Consolidated Assets or Consolidated Revenues; or
- (h) **Winding up:** an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries, save for the purposes of or pursuant to, a Permitted Reorganisation; or
- (i) **Analogous event:** any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (f) to (h) above; or
- (j) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes,

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

13. **Prescription**

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

14. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

15. **Agents**

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

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain a Fiscal Agent; and
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

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

16. **Meetings of Noteholders; Modification and Waiver**

- (a) **Meetings of Noteholders:** all meetings of the Noteholders will be held in accordance with applicable provisions of Italian law in force at the time. 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 a Resolution. Any such meeting may be convened by the directors of the Issuer or the Noteholders' Representative (as defined below) at their discretion and by the Issuer, subject to mandatory provisions of Italian law applicable from time to time, at the request in writing signed by the holders of not less than one-twentieth in aggregate principal amount of the Notes for the time being outstanding. If the Issuer defaults in convening such a meeting following such request or requisition by the Noteholders representing not less than one-twentieth in aggregate principal amount of the Notes outstanding, the same may be convened by decision of the President of the competent court upon request by such Noteholders in accordance with the provisions of Article 2367 of the Italian Civil Code. Every such meeting shall be held at such time and place in which the registered office of the Issuer is situated, unless its by-laws provide differently, as provided pursuant to Article 2363 of the Italian Civil Code. The quorum required at any such meeting will be (subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time) (a) in the case of a first meeting, one or more persons present being or representing Noteholders and holding more than one half of the aggregate principal amount of the outstanding Notes; (b) in the case of an adjourned meeting, one or more persons present being or representing Noteholders and holding more than one third of the aggregate principal amount of the outstanding Notes or for voting on any of the proposal referred to a Reserved Matter (as defined below), one half of the aggregate principal amount of the outstanding Notes. The majority required to pass a resolution will be (subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time): in the case of a first meeting, a vote in favour by one or more persons holding or representing more than one half of the aggregate principal amount of the Notes for the time being outstanding, and (b) in the case of an adjourned meeting, a vote in favour by one or more persons holding or representing at least two thirds of the aggregate principal amount of the Notes for the time being outstanding represented at the meeting **provided, however, that** (A) certain proposals, as set out in Article 2415 of the Italian Civil Code (including any proposal to modify the maturity of the Notes or the dates on which interest is payable on them; to reduce or cancel the principal amount of, or interest on, the Notes; or to change the currency of payment of the Notes) (each a "**Reserved Matter**"), may only be sanctioned by a resolution passed at

meeting (including any adjourned meeting) of Noteholders by one or more persons holding or representing not less than one half of the principal amount of the Notes for the time being outstanding, **provided that** the Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for higher majorities. Any resolution duly passed at any such meeting by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting, and on all Couponholders.

- (b) **Noteholders' Representative:** a representative of the Noteholders (*rappresentante comune*) (the "**Noteholders' Representative**"), subject to applicable provisions of Italian law, may be appointed pursuant to Article 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 resolution 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.
- (c) **Modification:** the Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

17. **Further Issues**

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

18. **Notices**

Notices to Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes are admitted to the Official List of Euronext Dublin and/or admitted to trading on the regulated market of Euronext Dublin, if filed within the Companies Announcement Office of Euronext Dublin or published in a leading English language daily newspaper of general circulation in the Republic of Ireland and approved by Euronext Dublin (which is expected to be the *Irish Times*). Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

19. **Currency Indemnity**

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

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

20. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

21. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.
- (b) **English courts:** The courts of England have exclusive jurisdiction to settle any dispute (a "Dispute") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).
- (c) **Appropriate forum:** The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) **Rights of the Noteholders to take proceedings outside England:** Condition 21(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 21 (*Governing law and jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) **Process agent:** The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.
- (f) **Waiver of immunity:** To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

FORM OF FINAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]¹

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]²

[MIFID II Product Governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer[s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[s/s'] target market assessment) and determining appropriate distribution channels.]³

[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any [person subsequently offering, selling or recommending the Notes (a "**distributor**")/distributor] should take into consideration the manufacturer[s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[s/s'] target market assessment) and determining appropriate distribution channels.]⁴

¹ Square brackets or wording to be removed as appropriate for each issuance.

² Square brackets or wording to be removed as appropriate for each issuance.

³ Square brackets or wording to be removed as appropriate for each issuance.

⁴ Square brackets or wording to be removed as appropriate for each issuance.

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore)(as modified or amended from time to time, the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital markets products"]/"capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018)]⁵

Final Terms dated [●]

FERROVIE DELLO STATO ITALIANE S.p.A.

Legal entity Identifier (LEI): 549300J4SXC5ALCJM731

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

**under the
€7,000,000,000
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 terms and conditions (the "**Conditions**") set forth in the Base Prospectus dated 12 March 2021 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with 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 [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended, **provided, however, that** all references in this document to the "**Prospectus Regulation**" in relation to any Member State of the EEA refer to Regulation (EU) 2017/1129, as amended, and include any relevant implementing measure in the relevant Member State.]⁶

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions set forth in the Base Prospectus dated 17 December 2019 (the "**Conditions**") which are incorporated by reference in the Base Prospectus dated 12 March 2021 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Conditions and 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, the Conditions and the Base Prospectus. The Base Prospectus is available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended, **provided, however, that** all references in this document to the "**Prospectus Regulation**" in relation to any Member State of the EEA refer to Regulation (EU) 2017/1129, as amended, and include any relevant implementing measure in the relevant Member State.]⁷

⁵ Square brackets or wording to be removed as appropriate for each relevant issuance where Notes are being sold into Singapore.

⁶ Include this wording where the Notes are to be listed.

⁷ The following alternative language applies if the first tranche of an issue which is being increased was issued under the 2019 Base Prospectus.

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Base Prospectus dated 12 March 2021 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**"). This document does not constitute Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation, as these Notes are not being issued pursuant to the Prospectus Regulation.

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 [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended, **provided, however, that** all references in this document to the "**Prospectus Regulation**" in relation to any Member State of the EEA refer to Regulation (EU) 2017/1129 as amended and include any relevant implementing measure in the relevant Member State.]⁸

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]

[When completing any final terms, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.]

- | | | | |
|----|-------|--|---|
| 1. | (i) | Series Number: | [•] |
| | (ii) | Tranche Number: | [•] |
| | (iii) | Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below [which is expected to occur on or about [•]].] |
| 2. | | Specified Currency or Currencies: | [•] |
| 3. | | Aggregate Nominal Amount: | [•] |
| | (i) | Series: | [•] |
| | (ii) | Tranche: | [•] |
| 4. | | Issue Price: | [•]% of the Aggregate Nominal Amount [plus accrued interest from [•] (<i>insert date, if applicable</i>)] |
| 5. | (i) | Specified Denominations: | [] [and integral multiples of [] in excess thereof up to and including []. No Notes in definitive form will be issued with a denomination above [].] |

(Under current practices of Euroclear and Clearstream, Luxembourg, unless paragraph 21 (Form of Notes) below specifies that the Permanent Global Note is to be exchanged for Definitive Notes "in the limited circumstances described in the Permanent Global Note", Notes may only be issued

⁸ Include this wording where the Notes are not to be listed.

in denominations which are integral multiples of the lowest Specified Denomination and may only be traded in such amounts, whether in global or definitive form.)

(Notes, including Notes denominated in Sterling, in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).)

- (ii) Calculation Amount: [•]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*
6. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [[•]/Issue Date/Not Applicable]
7. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
8. Interest Basis: [[•]% Fixed Rate]
- [EURIBOR/LIBOR]+/- [•]% Floating Rate]
- [Floating Rate: CMS Linked Interest]
- [Zero Coupon]
- (further particulars specified below in paragraph [13]/[14]/[15])**
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100% of their nominal amount.
10. Put/Call Options: [Investor Put]
- [Change of Control Put]
- [Issuer Call]
- [(further particulars specified below in paragraph [16]/[17]/[18])]**
- [Not Applicable]
11. (i) Status of the Notes: Senior

- (ii) [Date [Board] approval for issuance [•] [and [•], respectively] of Notes] obtained:

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [•]% per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [•] in each year
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]
13. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [•]
- (ii) Specified Period: [•]
- (iii) Specified Interest Payment Dates: [Not Applicable/[•], subject to adjustment in accordance with the Business Day Convention set out in (v) below]
- (Note that this item adjusts the end date of each Interest Period (and consequently, also adjusts the length of the Interest Period and the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Condition 10(g) (Payments on business days) and the defined term "Payment Business Day".)*
- (iv) [First Interest Payment Date]: [•]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
- (vi) Additional Business Centre(s): [Not Applicable/[•]]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]

- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]): [[•] shall be the Calculation Agent]/[Not Applicable]
- (ix) Screen Rate Determination: (Conditions 7(c) and 7(d))
- Reference Rate: [EURIBOR/LIBOR/CMS Rate]
 - Interest Determination Date(s): [•]
- (in the case of a CMS Rate where the Reference Currency is euro): [Second day on which the TARGET2 System is open prior to the start of each Interest Period]*
- (in the case of a CMS Rate where the Reference Currency is other than euro): [Second [specify type of day] prior to the start of each Interest Period]*
- Relevant Screen Page: [•]
- (Where the CMS Rate is the Reference Rate, specify relevant screen page and any applicable headings and captions)*
- Relevant Time: [•]
 - Relevant Financial Centre: [•]
- (x) ISDA Determination: (Condition 7(e))
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
 - [ISDA Definitions: [2006]
- (xi) Linear Interpolation: Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (xii) Margin(s): [+/-][•]% per annum
- (xiii) Minimum Rate of Interest: [[•]% per annum]/[Not Applicable]
- (xiv) Maximum Rate of Interest: [[•]% per annum]/[Not Applicable]
- (xv) Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]

14. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) Accrual Yield: [•]% per annum
- (ii) Reference Price: [•]
- (iii) Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

15. **Redemption by Instalments:** [Applicable/Not Applicable]
- (i) Instalment Amount(s): [•]
- (ii) Instalment Date(s): [•]
16. **Call Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
- (iii) Redemption in part: [Applicable/Not Applicable]
- (a) Minimum Redemption Amount: [•] per Calculation Amount
- (b) Maximum Redemption Amount: [•] per Calculation Amount
- (iv) Notice period: [•]/[Not Applicable]
17. **Put Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
- (iii) Notice period: [•]/[Not Applicable]
18. **Change of Control Put:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraph of this paragraph)*
- (i) Change of Control Redemption Amount(s) of each Note: [•] per Calculation Amount

19. Final Redemption Amount of each Note [●] per Calculation Amount
20. Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [[●] per Calculation Amount]/[Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes: Bearer Notes:
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]*
- [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- (*Notes may only be issued pursuant to this option in amounts equal to the Specified Denomination or integral multiples thereof)*
22. New Global Note: [Yes] [No]
23. Additional Financial Centre(s): [Not Applicable/[●]]
24. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]

Signed on behalf of Ferrovie dello Stato Italiane S.p.A.

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [The official list of Euronext Dublin]/ [•] / [Not Applicable]⁹
- (ii) Admission to trading: [Application [has been/is expected to be] made for the Notes to be admitted to trading on [[•] / the regulated market of Euronext Dublin] with effect from [•]]/[Not Applicable.]¹⁰
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
- (iii) Estimated total expenses of [•]/[Not Applicable]¹¹ admission to trading:

2. RATINGS

The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[Standard & Poor's: [•]]

[Fitch: [•]]

[[Other]: [•]]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(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.)

Option 1 - CRA established in the EEA and registered under the EU CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No

⁹ Insert "Not Applicable" where the Notes are not to be listed.

¹⁰ Insert "Not Applicable" where the Notes are not to be admitted to trading.

¹¹ Insert "Not Applicable" where the Notes are not to be admitted to trading.

1060/2009, as amended (the "**EU CRA Regulation**"). *[[Insert legal name of particular credit rating agency entity providing rating]* appears on the latest update of the list of registered credit rating agencies (as of *[insert date of most recent list]*) on the ESMA website <http://www.esma.europa.eu>. [The rating *[Insert legal name of particular credit rating agency entity providing rating]* has given to the Notes is endorsed by *[insert legal name of credit rating agency]*, which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] / *[[Insert legal name of particular credit rating agency entity providing rating]* has been certified under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] / *[[Insert legal name of particular credit rating agency entity providing rating]* has not been certified under Regulation (EU) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 2 - CRA established in the EEA, not registered under the CRA Regulation but has applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the *[relevant competent authority]* / *[European Securities and Markets Authority]*. *[[Insert legal name of particular credit rating agency entity providing rating]* appears on the latest update of the list of registered credit rating agencies (as of *[insert date of most recent list]*) on the ESMA website <http://www.esma.europa.eu>. [The rating *[Insert legal name of particular credit rating agency entity providing rating]* has given to the Notes is endorsed by *[insert legal name of credit rating agency]*, which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**CRA Regulation (UK)**").] / *[[Insert legal name of particular credit rating agency entity providing rating]* has been certified under

Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] / [[*Insert legal name of particular credit rating agency providing rating*] has not been certified under Regulation (EU) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 3 - CRA established in the EEA, not registered under the EU CRA Regulation and not applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**").] [[*Insert legal name of particular credit rating agency entity providing rating*] appears on the latest update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on the ESMA website <http://www.esma.europa.eu>]. [The rating [*Insert legal name of particular credit rating agency entity providing rating*] has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation (UK)**").] / [[*Insert legal name of particular credit rating agency entity providing rating*] has been certified under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] / [[*Insert legal name of particular credit rating agency entity providing rating*] has not been certified under Regulation (EU) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 4 - CRA established in the UK and registered under the UK CRA Regulation and details of whether rating is endorsed by a credit

rating agency established and registered in the EEA or certified under the EU CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). [[Insert legal name of particular credit rating agency entity providing rating] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on [FCA website]. [The rating [Insert legal name of particular credit rating agency entity providing rating] has given to the Notes to be issued under the Programme is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**").] [[Insert legal name of particular credit rating agency entity providing rating] has been certified under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**").] [[Insert legal name of particular credit rating agency entity providing rating] has not been certified under Regulation (EU) No 1060/2009, as amended (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation.]

Option 5 - CRA not established in the EEA or the UK but relevant rating is endorsed by a CRA which is established and registered under the EU CRA Regulation AND/OR under the UK CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the UK but the rating it has given to the Notes to be issued under the Programme is endorsed by [[insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**")][and][[insert legal name of credit rating agency], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")].

Option 6 - CRA not established in the EEA or the UK and relevant rating is not endorsed under the EU CRA Regulation or the UK CRA Regulation but CRA is certified under the EU CRA Regulation AND/OR under the UK CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the UK but is certified under [Regulation (EU) No 1060/2009, as amended (the "EU CRA Regulation")][and][Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "UK CRA Regulation")].

Option 7 - CRA neither established in the EEA or the UK nor certified under the EU CRA Regulation or the UK CRA Regulation and relevant rating is not endorsed under the EU CRA Regulation or the UK CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the UK and is not certified under Regulation (EU) No 1060/2009, as amended (the "EU CRA Regulation") or Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "UK CRA Regulation") and the rating it has given to the Notes is not endorsed by a credit rating agency established in either the EEA and registered under the EU CRA Regulation or in the UK and registered under the UK CRA Regulation.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

(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 offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to Base Prospectus under Article 23 of the Prospectus Regulation.)]

4. **[Fixed Rate Notes only – YIELD**

Indication of yield: [●]% per annum

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

5. **[Floating Rate Notes only — HISTORIC INTEREST RATES**

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

[Benchmarks Amounts payable under the Notes will be calculated by reference to [LIBOR/EURIBOR/CMS RATE]

which is provided by [*ICE Benchmark Administration Limited/ European Money Markets Institute/specify other*]. As at [●], [*ICE Benchmark Administration Limited/ European Money Markets Institute/specify other*] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**BMR**").

[As far as the Issuer is aware, [[●] does/do] not fall within the scope of the BMR by virtue of Article 2 of that regulation] / [the transitional provisions in Article 51 of the Benchmark Regulation apply], such that [●] is not currently required to obtain authorisation or registration.]]

[Amounts payable under the Notes will be calculated by reference to [*LIBOR/EURIBOR/CMS RATE*] which is provided by [*ICE Benchmark Administration Limited/ European Money Markets Institute/specify other*]. As at the date hereof, [[*ICE Benchmark Administration Limited/ European Money Markets Institute/specify other*][appears]/[does not appear]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) No. 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**")]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the UK Benchmarks Regulation]/ [As far as the Issuer is aware, the transitional provisions in Article 51 of UK Benchmarks Regulation apply, such that [*name of administrator*] is not currently required to obtain authorisation/registration (or, if located outside the UK, recognition, endorsement or equivalence)]

6. **REASONS FOR THE OFFER AND ESTIMATED NET AMOUNT OF PROCEEDS**

- (i) Reasons for the offer: [[See ["Use of Proceeds"] in the Base Prospectus"]
If reasons differ from what is disclosed in the Base Prospectus, for example, for an Eligible Green Project, give details here.]
- (ii) Estimated net proceeds: [●]

7. **[THIRD PARTY INFORMATION**

[] has been extracted from []. The Issuer 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.] To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information.]

8. **OPERATIONAL INFORMATION**

ISIN:	[●]
Common Code:	[●]
CFI:	[●], as updated, as set out on the website of the Association of National Numbering Agencies or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Available/Not Applicable
FISN:	[●], as updated, as set out on the website of the Association of National Numbering Agencies or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Available/Not Applicable
Delivery	Delivery [against/ free of] payment
[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.]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	[Not Applicable/give name(s) and number(s)]
Names and addresses of additional Paying Agent(s) (if any):	[●]/[Not Applicable]

9. **DISTRIBUTION**

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated: [Not Applicable]

- (a) Names of Dealers: [•]
- (b) Stabilising Manager(s) (if any): [Not Applicable/[•]]
- (iii) If non-syndicated, name of the relevant Dealer: [Not Applicable/[•]]
- (iv) U.S. Selling Restrictions: [TEFRA C/TEFRA D/TEFRA not applicable]
- (v) [Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable] *(If the offer of the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the offer of the Notes may constitute "packaged" products and no key information documents will be prepared, "Applicable" should be specified.)*
- (vi) [Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable] *(If the offer of the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the offer of the Notes may constitute "packaged" products and no key information documents will be prepared, "Applicable" should be specified.)*

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "**Noteholder**" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

Conditions applicable to Global Notes

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

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

Payment Business Day: In the case of a Global Note, notwithstanding the definition contained in Condition 2(a) (*Definitions*), "**Payment Business Day**" shall mean: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, 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 currency of payment and in each (if any) Additional Financial Centre.

Exercise of put option: In order to exercise the option contained in Condition 9(f) (*Redemption at the option of Noteholders*) or Condition 9(g) (*Redemption at the option of Noteholders upon a Change of Control Put Event*), the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 9(d) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 18 (*Notices*), 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 depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or

Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 18 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be applied by the Issuer for the general finance purposes of the Group, with particular focus on:

- (i) high speed capex in infrastructure and rolling stock; and
- (ii) *inter alia*, works, plants, and/or networks, and/or the procurement of assets relating to the rail and road local public transport service, and/or freight transport rolling stock, and/or the construction and management of railway networks;

as well as for any other purpose specified in the applicable Final Terms, including Eligible Green Projects, as applicable.

According to the definition criteria set out by the International Capital Market Association ("**ICMA**") green bond principles ("**Green Bond Principles**"), only Tranches of Notes financing or refinancing Eligible Green Projects will be denominated "Green Bonds".

Eligible Green Projects have been defined in accordance with the broad categorisation of eligibility for green projects set out by the ICMA Green Bond Principles. In accordance with the ICMA Green Bond Principles, the Issuer published on its institutional website its framework relating to investments in Eligible Green Projects (the "**FS Green Bond Framework**").

For the purposes of this section:

"**Eligible Green Projects**" means projects with a positive impact in terms of environmental and social sustainability, in accordance with the broad categorisation of eligibility for green projects set out by ICMA, which prior to the relevant Issue Date will be disclosed in the FS Green Bond Framework as approved by the Issuer and verified by a reputed sustainability rating agency. The FS Green Bond Framework will be available on the Issuer's website (www.fsitaliane.it) in the investor relations section.

DESCRIPTION OF THE ISSUER

Introduction

History and Development

Ferrovie dello Stato Italiane S.p.A. ("FS", "FS Italiane", or the "Issuer" and together with its subsidiaries, the "Group" or "FS Group") is the holding company of the Italian railway group, which is active in the field of passenger and freight transport (mainly by rail) and related services. Among other things, FS controls the railway infrastructure manager RFI, the road infrastructure manager Anas as well as the railway undertaking Trenitalia, which are subsidiaries of FS.

Pursuant to Law n. 137 of 22 April 1905 which entrusted the management and ownership of most railway services, once privatised, to the Italian State (the "State"), FS was established on 21 April 1905 through the nationalisation of three private companies in operation in Italy since 1839. On 12 August 1992, FS became a joint-stock company which was wholly owned by the State via the Ministry of the Economy and Finance ("MEF"). In accordance with Article 4 of the Articles of Association currently in force (the "Articles of Association"), FS is incorporated, domiciled and operating under the laws of Italy (the Italian civil code and specific legislation in addition to the Articles of Association) for a period up to 31 December 2100 (which may be extended or decreased by a resolution passed at an extraordinary shareholders' meeting).

Purpose of the Issuer

According to Article 3 of the Articles of Association, the objectives of FS include the:

- (c) construction and management of the infrastructure network for rail, road and motorway transportation at a domestic and international level;
- (d) operation of any transport services, including by air, of passengers and freight, at domestic and/or international level, including the promotion, implementation, and management of initiatives and services in the transportation field; and
- (e) performance of any other connected and instrumental activities related directly or indirectly to those mentioned above, including activities related to customer services and those aimed at the enhancement of assets for the operation of (a) and (b) above.

Registered Office

The registered office of FS is at Piazza della Croce Rossa 1, Rome, Italy, Fiscal Code and Registration with the Company Register of Rome No. 06359501001. Its telephone number is +39 06 44101.

Issuer's website

The website of the Issuer is <https://www.fsitaliane.it/content/fsitaliane/en.html>. The information on the website of the issuer does not form part of this Base Prospectus, unless expressly incorporated by reference into this Base Prospectus.

Financial Year

The Issuer's financial year starts on 1 January and ends on 31 December of each year.

Major shareholders

The Issuer is a wholly-owned subsidiary of the MEF.

Organisational Structure

EC Directive 91/440/EEC on the development of railways (subsequently amended by EC Directive 2001/12/EC of 26 February 2001) as implemented by law D.P.R. 8 July 1998 n. 277 and Legislative Decree 8 July 2003 n.

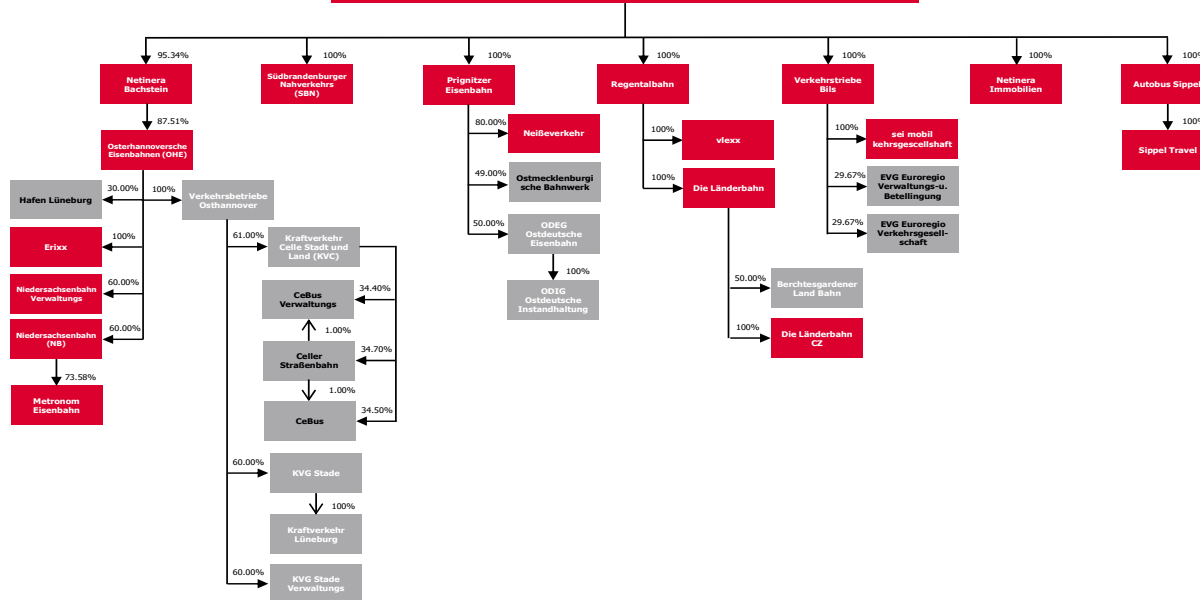
188 ("**Decree 188/2003**"), established the guidelines for the restructuring of the Italian national rail system. These EC Directives emphasised the need to separate rail infrastructure management from the provision of transport services. Following these legislative developments, the Group initiated a reorganisation program in 1998 by creating the infrastructure division. In May 1999, the Group set up three additional divisions to manage the medium and long-distance passenger transport, freight transport and local transport. The reorganization continued with the establishment in June 2000 of Trenitalia, a passenger and freight transport company, which was completed on 1 July 2001.

Since 2001, infrastructure maintenance (through RFI) and railway undertakings (through Trenitalia) have operated as separate companies within the Group.

The current Group structure as of the date of this Base Prospectus is outlined below:



Netinera Deutschland GmbH



CONSOLIDATION MAP OF NETINERA GROUP AT 30.06.2020

■ Parent and group's subsidiaries
■ Equity-accounted investees

The key players in the Italian Rail Industry are the following:

Government / regulatory bodies	Ministry of Economy and Finance ('MEF')	The Ministry of Economy and Finance (MEF) pays fees for the National Public Service Contract and transfers financial resources to the Regions for the Regional public service Contract. The MEF also provides funding for rail infrastructure investments and maintenance.
	Ministry of Infrastructure and Transports ('MIT')	The Ministry of Infrastructure and Transport (MIT) delivers licenses to railway undertakings. MIT also defines the access charge to the railway infrastructure and subscribes the Contratto di Programma with RFI and the National Public Service Contract (the Contratto di Servizio that includes national universal services for passengers transport) with Trenitalia.
	Autorità Garante della Concorrenza e del Mercato ('AGCM')	The Italian Competition Authority is an independent body and is in charge of the application of competition law and of national consumer legislation.
	Autorità di Regolazione dei Trasporti ('ART')	The Transport Regulation Authority (Autorità di Regolazione dei Trasporti, ART) has been established in accordance with art. 37 of the Legislative Decree n.201/2011 and has been operative since January 2014. Its competences are: • To guarantee equitable and non-discriminatory access to rail, port, airport and highway infrastructure, • To define criteria for setting tariffs, fees and tolls. • To define minimum quality conditions for national and local transport considered to be a public service, • To regulate access to rail infrastructure, • To define public tender mechanisms to assign transport services and criteria for appointing awarding commissions, • To help Public Administration in identifying Public Service Obligation routes and support the PA in retracing the most effective methods to finance them. It reports to the Italian Parliament.
Infrastructure manager	Rete Ferroviaria Italiana ('RFI')	Rete Ferroviaria Italiana SpA (RFI) is part of the Ferrovie dello Stato Italiane Group. It owns the infrastructure and is responsible for designing, building and maintaining the infrastructure and develops the technology of systems and materials. RFI acts as the national railway infrastructure manager, as set forth in the Act of Concession with the MIT.
Agenzia Nazionale per la Sicurezza delle Ferrovie e delle Infrastrutture Stradali e Autostradali (ANSFISA)		<p>From 1 January 2019, ANSF's competences are on the newly established National Agency for Railway and Road and Highway Infrastructures Safety (ANSFISA). The ANSF kept competences for the railway safety until 4 December 2020, it has been then abolished.</p> <p>The Agency is an independent body from all the railway and roads actors. Agency's main tasks on railway sector are: •To define the legislative framework on the railway operational safety standards •To verify the enforcement of the adopted regulations •To carry out the approval processes for systems, sub-systems and constituents •To issue the safety certificates to railway undertakings and the safety authorizations to infrastructure managers.</p>
Regions		<ul style="list-style-type: none"> • The Regions subscribe Public Service Contracts (PSCs) for regional transport services with railway undertakings. In Italy there are 15 ordinary Regions and 5 border Regions with special status.
Railway Undertakings		<ul style="list-style-type: none"> • After having obtained a license, (a 'titolo autorizzatorio'), a safety certificate and after having entered into a 'Contratto di Utilizzo' with the infrastructure manager, these provide passenger and freight transportation services. • Trenitalia is the largest Italian railway undertaking.

Business of the Group

The Group is organised into the following operating segments, each of which is carried out by certain key Subsidiaries:

- The transport services segment, which accounted for 58% of the Group's revenues net of "Adjustments and Eliminations Operating Segments" for the year ended 31 December 2019 and for 52% of the Group's revenues net of "Adjustments and Eliminations Operating Segments" for the six month period ended 30 June 2020, is divided into medium/long term distance passengers, regional passengers, and freight and is largely represented by the 100% owned subsidiary, Trenitalia.
- The infrastructure services segment, which accounted for 39% of the Group's revenues net of "Adjustments and Eliminations Operating Segments" for the year ended 31 December 2019 and for 42% of the Group's revenues net of "Adjustments and Eliminations Operating Segments" for the six month period ended 30 June 2020, manages the national rail network, both high speed and conventional lines, and national road and motorway network through the 100% owned subsidiaries, respectively, RFI and Anas.
- The commercial activities relating to the real estate segment, which accounted for 1% of the Group's revenues net of "Adjustments and Eliminations Operating Segments" for the year ended 31 December 2019 and for 1% of the Group's revenues net of "Adjustments and Eliminations Operating Segments" for the six month period ended 30 June 2020, includes the companies (primarily FS Sistemi Urbani) that deal with management and enhancement of the property assets of the Group.
- The other services segment, which accounted for 3% of the Group's revenues net of "Adjustments and Eliminations Operating Segments" for the year ended 31 December 2019 and for 6% of the Group's revenues net of "Adjustments and Eliminations Operating Segments" for the six month period ended 30 June 2020, manages other Group services including financial and administrative services.

The following table sets out certain financial information of the Group's business segments for the years ended 31 December 2018 and 2019 and for the six month period ended 30 June 2019 and 2020.

Year ended 31 December 2019						
	Transport	Infrastructure	Commercial Real Estate Activities	Other Services	Adjustments and Eliminations Operating Segments	FS Italiane Group
	(in millions of Euro)					
Revenues from Third Parties	7,858	4,156	88	52	9	12,163
Inter-segment revenues	302	1,312	50	344	(1,736)	272
Revenues	8,160	5,468	138	396	(1,727)	12,435
EBITDA	1,882	793	19	(36)	(49)	2,609

Year ended 31 December 2018						
	Transport	Infrastructure	Commercial Real Estate Activities	Other Services	Adjustments and Eliminations Operating Segments	FS Italiane Group
	(in millions of Euro)					
Revenues from Third Parties	7,649	4,036	87	6	5	11,783
Inter-segment revenues	293	1,338	53	255	(1,650)	289

Revenues	7,942	5,374	140	261	(1,645)	12,072
EBITDA	1,679	817	15	(24)	(11)	2,476


Six month period ended 30 June 2020


	Transport	Infrastructure	Commercial Real Estate Activities	Other Services	Adjustments and Eliminations Operating Segments	FS Italiane Group
	(in millions of Euro)					
Revenues from Third Parties	2,658	1,853	34	42		4,587
Inter-segment revenues	140	408	20	263	(668)	163
Revenues	2,798	2,261	54	305	(668)	4,750
EBITDA	187	251	5	(2)	77	518


Six month period ended 30 June 2019

	Transport	Infrastructure	Commercial Real Estate Activities	Other Services	Adjustments and Eliminations Operating Segments	FS Italiane Group
	(in millions of Euro)					
Revenues from Third Parties	3,868	1,875	59	23	8	5,833
Inter-segment revenues	158	654	27	111	(809)	141
Revenues	4,026	2,529	86	134	(801)	5,974
EBITDA	860	429	31	(7)	(16)	1,297

FS Group is still the top player in the EU in terms of EBITDA and EBIT margin:

	Financial Performance (€b)				Issuer Rating	
		2017	2018	2019		
	Revenue	9.3	12.1	12.4	S&P	BBB
	EBITDA margin %	25%	20.5%	21%	Fitch	BBB-
	EBIT margin %	7.7%	5.9%	6.7%		

	Financial Performance (€b)				Issuer Rating	
		2017	2018	2019		
	Revenue	45.6	44	44,2	S&P	AA
	EBITDA margin %	9.9%	10%	12%	Fitch	AAA
	EBIT margin %	3.7%	4.7%	4.1%	Moody's	Aa1

	Financial Performance (€b)				Issuer Rating	
		2017	2018	2019		
	Revenue	33.5	33.3	35.1	S&P	AA-
	EBITDA margin %	13.7%	12%	15%	Fitch	AA
	EBIT margin %	7.9%	6.7%	5.1%	Moody's	Aa3

Source: FS, DB & SNCF Annual Reports

Transport Services

Within the macro-sector of transport services, the Group operates primarily through Trenitalia and its subsidiaries (which include Netinera Deutschland and TrainOSE).

Other Group subsidiaries active in the transport services sector are Busitalia Group, the Mercitalia Hub – which operates the freight transport- and FSE.

Trenitalia S.p.A. (100% owned by FS) is the passenger transport company of the Group and consists of two business areas: passengers/medium and long distance routes (domestic and international) and passengers/local transport (commuter, regional and inter-regional).

In 2019, Trenitalia recorded positive results, reporting a net profit of Euro 385.1 million. Also for the previous year ended 31 December 2018, Trenitalia recorded a positive result, with a net profit of Euro 256.8 million. 2019 EBITDA increases from Euro 1,483.7 million in 2018 to Euro 1,626.9 million in 2019, up by +9.7%. 2019 EBIT came to Euro 524.5 million, up on the previous year (Euro 386.1 million), accounting for 9.5% of revenue (7.2% in 2018). The substantial increase in EBITDA was partly offset by the trend in amortisation, depreciation and impairment losses, that reduced the positive impact on the increase of EBIT to 524.5 million which was, however, up compared to previous year (+35.9%).

Through the Long-Haul Passenger Division, Trenitalia provides mobility services for passengers at national and international level. The services are divided into "market services", for which there is no contribution from public funds, and "universal services", which are only provided based on a specific services contract with the State. In 2019 revenues from market services recorded an increase of about Euro 89 million (+5.2%), due to both traffic services in direct competition with operators and service operated without any competition. Revenues arising from universal services recorded an increase of Euro 9.5 million (+3.6%) mainly driven by 10.3 million jump in revenue from Intercity day trains.

For the six month period ended 30 June 2020, Trenitalia recorded a negative net result, with a net profit of Euro -384.9 million, with Euro 143.4 million EBITDA and Euro -346.4 million EBIT; for the six month period ended 30 June 2019, Trenitalia recorded a positive net result, with a net profit of Euro 184.6 million, with Euro 738.0 million EBITDA and Euro 212.0 million EBIT.

The table below set out key financial information relating to Trenitalia for the six month period ended 30 June 2020 and for the years ended 31 December 2019 and 31 December 2018.

	30 June 2020	31 December 2019	31 December 2018
	(in millions of Euro)		
Main indicators			
Operating revenues	1,713.0	5,531.3	5,361.6
of which:			
Medium/Long distance passenger	47%	47%	47%
Regional passenger	53%	53%	53%
EBITDA	143.4	1,626.9	1,483.7
EBIT	(346.3)	524.5	386.1
Profit (loss) for the year	(384.9)	385.1	256.8

		June 2020	December 2019	December 2018
Medium and long-distance traffic data				
PASSENGERS/KM – MARKET	millions	2,738	16,313	16,828
PASSENGERS/KM – UNIVERSAL CONTRIBUTED	millions	723	3,805	3,768
TOTAL	millions	3,461	20,188	20,596
TRAINS/KM – MARKET	thousands	16,182	66,445	64,933
TRAINS/KM - UNIVERSAL CONTRIBUTED	thousands	6,477	25,339	25,370
TOTAL	thousands	22,659	91,784	90,303
Revenues (*)	millions	565	2,583	2,492
Regional transport traffic data				
PASSENGERS – KM	millions	3.606	19.190	18.854
TRAINS – KM	thousands	54.276	159.206	156.888
Revenues (*)	millions	1,133	2,924	2,835

(*) The item includes revenues among segments

Trenitalia UK Ltd ("**Trenitalia UK**" 100% owned by Trenitalia) is the British subsidiary of the FS Group active in the UK rail market. On 10 February 2017, Trenitalia UK entered into an agreement with the National Express Group PLC to acquire 100% of NXET Trains Limited (National Express Essex Thameside), subsequently renamed Trenitalia c2c Ltd ("**Trenitalia c2c**"). On August 2019, Trenitalia UK and FirstGroup were awarded the UK-based West Coast's railway franchise for 2019-2031. The franchise consist of operating the intercity connections between London, Manchester, Chester, Liverpool, Edinburgh and Glasgow and developing new services on the new high speed 2 line from London to Birmingham and rolling them out in 2026. The railway service began operating on 9 December 2019.

Trenitalia c2c Ltd, is a British passenger transport company which manages the c2c (City to Coast) franchise between London and Shoeburyness on the east coast of South Essex. In 2019, Trenitalia c2c recorded operating revenues of Euro 219.6 million and a negative net result of Euro -19.8 million, with Euro 18.7 million EBITDA and Euro -12.1 million EBIT. For the six month period ended 30 June 2020, Trenitalia c2c recorded operating revenues of Euro 60.7 million and a negative net result of Euro -10.9 million, with Euro 12.5 million EBITDA and Euro -4.1 million EBIT; for the six month period ended 30 June 2019, Trenitalia c2c recorded operating revenues of Euro 111.1 million and a negative net result of Euro -12.4 million, with Euro 8.0 million EBITDA and Euro -7.7 million EBIT.

In the context of the COVID-19 pandemic, the British government, among the measures identified to tackle the effects of the Coronavirus on the economy, has submitted to all the companies holding a franchise agreement the proposal for a non-negotiable Emergency Measures Agreement ("**EMA**"). This contract was also signed by c2c on 22 March 2020, valid until 20 September 2020, and provided for the payment of a Management Fee by the Government to the railway transport operator for carrying out the service and cancelling all risks, both costs that revenue side, for the company. The British government also undertook to reimburse businesses for any difference between the costs incurred and the revenues collected for the period covered by the EMA. Following the above, in September 2020, considering that the context has not improved, the British Department for Transport ("**DfT**") has proposed to all railway companies to sign a new contract called Emergency Recovery Measures Agreement ("**ERMA**") aimed at continuing to support it. During the execution of the ERMA valid for c2c until March 2021, which can be extended for a further 6 months at the discretion of the DfT, the negotiation with the DfT of a subsequent direct agreement ("**Direct Agreement**") of 2 + 2 years is envisaged. However, pursuant to the ERMA, the company c2c will be required to pay a penalty defined as "Termination sum", relating to the early termination of the original contract, calculated on the basis of the value of the PCS (Parent Company Support), also taking into account the value of the net assets and the prospects for remuneration in the negotiation with the DfT of the aforementioned Direct Agreement.

Netinera Deutschland GmbH and its subsidiaries (the "**Netinera Group**" is 100% owned by Trenitalia) also operates in the Regional Passenger and Freight Transport segment, through a group of about 32 companies active in Germany. The Netinera Group is primarily involved in rail and road transport activities in the German local and metro transport markets, but it also carries out activities on international routes to the Czech Republic, Poland and the Netherlands. In addition to passenger and cargo transport service, the group performs services for the maintenance and renovation of vehicles.

During the course of 2019, the Netinera Group recorded revenues of Euro 598.8 million and expenses of Euro 529 million with Euro 69.8 million EBITDA and Euro 16 million EBIT. In 2019, Netinera Group recorded amortisation and depreciation for Euro 53,8 million and financial expenses for Euro 14 million. In addition, Netinera is preparing to sell the heavy maintenance for third parties segment, now managed by Netinera Werke GmbH. It will transfer a controlling interest (51%) in this company to third parties in the first few months of 2020. The gain on the sale in 2019 was reclassified to Assets held for sale, showing a loss of roughly Euro 9 million. Taking all into account the Netinera Group recorded losses of Euro -9.4 million.

For the six month period ended 30 June 2020, the Netinera Group recorded revenues of Euro 260.6 million and expenses of Euro 279.8 million with Euro -19.2 million EBITDA. Taking all into account the Netinera Group recorded losses of Euro -46.1 million; for the six month period ended 30 June 2019, the Netinera Group recorded revenues of Euro 292.6 million and expenses of Euro 267.2 million with Euro 25.4 million EBITDA. Taking all into account the Netinera Group recorded losses of Euro -7.7 million.

The table below set out key financial information relating to Netinera Group for the six month period ended 30 June 2020 and for the years ended 31 December 2019 and 31 December 2018.

	30 June 2020	December 2019	December 2018
	(in millions of Euro)		
Main indicators			
Operating revenues	260.6	598.8	625.1
EBITDA	(19.2)	69.8	78.5
EBIT	(46.0)	16.0	30.3
Profit (loss) for the year	(46.1)	(9.4)	5.9

TrainOSE SA (100% owned by Trenitalia after the sale by Ferrovie dello Stato Italiane) is a company that provides cargo and passenger transport services at suburban, regional and national level in Greece. During 2019, TrainOSE acquired 100% of EESSTY the only rolling stock maintenance company operating in Greece. Next, TrainOSE merged EESSTY with accounting purposes on 30 September 2019 and legal effect on 31 December

2019. In 2019, TrainOSE SA recorded operating revenues of Euro 125.6 million and had a negative net result of Euro -1.8 million. For the six month period ended 30 June 2020, TrainOSE SA recorded operating revenues of Euro 50.2 million and had a negative net result of Euro -2.4 million; for the six month period ended 30 June 2019, TrainOSE SA recorded operating revenues of Euro 57.8 million and had a negative net result of Euro -6.6 million.

Busitalia-Sita Nord S.r.l. ("Busitalia") is the subsidiary which operates in the sector of public road transport within the Regional Passenger Transport Operating Segment. The company carries out its business, also through its subsidiaries ("**Busitalia Group**"), in various sectors, such as local public transport (both urban and suburban), long-distance bus service (both national and international), tourism and hires.

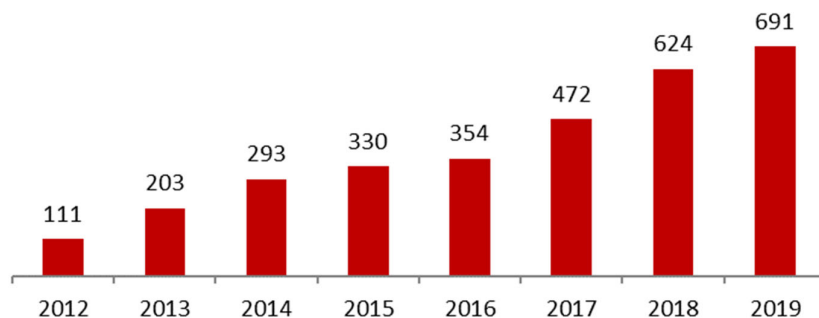
In 2019, Busitalia Group recorded operating revenues of Euro 691.4 million with Euro 65.8 million EBITDA and Euro 8.8 million EBIT, principally derived from service contracts with Regions, Provinces and Municipalities as well as those from the additional service contracts with the region Tuscany. For the six month period ended 30 June 2020, Busitalia Group recorded operating revenues of Euro 274.8 million with Euro 9.3 million EBITDA and Euro -23.3 million EBIT; for the six month period ended 30 June 2019, Busitalia Group recorded operating revenues of Euro 344.7 million with Euro 30.5 million EBITDA and Euro 4.9 million EBIT.

The tables below sets out key financial information relating to Busitalia Group for the six month period ended 30 June 2020 and for the years ended 31 December 2019 and 31 December 2018.

	30 June 2020	December 2019	December 2018
	(in millions of Euro)		
Main indicators			
Operating revenues	274.8	691.4	624.5
EBITDA	9.3	65.8	55.3
EBIT	(23.3)	8.8	6.3
Profit (loss) for the year	(23.4)	4.7	1.0

		30 June 2020	December 2019	December 2018
Busitalia Group traffic data				
PASSENGERS	millions	8	300	204
BUS/KM –	millions	11	178	169

The following graph shows the increase in Busitalia Group revenues in the last years (€million):



Source: figures from Busitalia Group's subsidiaries annual reports

Mercitalia Hub through the sub-holding, Mercitalia Logistics S.p.A. (100% owned by FS), and its subsidiaries operates in the cargo transport and in the logistics of the Group. The Mercitalia Hub is the cluster of Group's companies that operate in the freight transport and logistics business: the sub-holding company Mercitalia Logistics S.p.A., Mercitalia Rail S.r.l. (and its subsidiary Rom Rail S.r.l.), TX Logistik Group (based in Germany but active in different European countries), Mercitalia Intermodal S.p.A., Mercitalia Shunting & Terminal S.r.l. and TerAlp (Terminal AlpTransit S.r.l.). The purpose of Mercitalia Hub is to relaunch the freight business of the Group, developing integrated freight transport and logistics solutions that add value to railway use both in Italy and in Europe.

In 2019, Mercitalia Hub recorded operating revenues of Euro 1,060.5 million vs. Euro 1,017.6 million in 2018. 2019 EBIT increase from Euro -103.7 million in 2018 to Euro -5.9 million in 2019, due to the increase of EBITDA from Euro 29.5 million in 2018 to Euro 95 million in 2019 (Euro +65.5 million), to the higher depreciation (Euro -31 million) and to the lower impairment losses (Euro +63 million). For the six month period ended 30 June 2020, Mercitalia Hub recorded operating revenues of Euro 457.5 million with Euro 34.5 million EBITDA and Euro -18.5 million EBIT; for the six month period ended 30 June 2019, Mercitalia Hub recorded operating revenues of Euro 539.9 million with Euro 53.3 million EBITDA and Euro 1.4 million EBIT.

The table below set out key financial information relating to Mercitalia Hub for the six month period ended 30 June 2020 and for the years ended 31 December 2019 and 31 December 2018.

	30 June 2020	December 2019	December 2018
	(in millions of Euro)		
Main indicators			
Operating revenues	457.5	1,060.5	1,017.6
EBITDA	34.5	95.0	29.5

EBIT	(18.5)	(5.9)	(103.7)
Profit (loss) for the year	(26.4)	(22.5)	(109,4)

FSE S.r.l. (100% owned by FS) is not only a passenger transport company that provides, through an integrated network, mobility services (train/bus) in Apulia Region but also a firm that provides transport engineering services (see next paragraph: Infrastructure Services).

In 2019, the transport segment of FSE recorded operating revenues of Euro 99.0 million and the company had a negative net result of Euro -1.1 million, with Euro 8.2 million EBITDA and Euro -1.2 million EBIT. For the six month period ended 30 June 2020, FSE recorded operating revenues of Euro 46.0 million with Euro 10.1 million EBITDA and Euro 6.8 million EBIT; for the six month period ended 30 June 2019, FSE recorded operating revenues of Euro 48.0 million with Euro -0.8 million EBITDA and Euro -4.4 million EBIT.

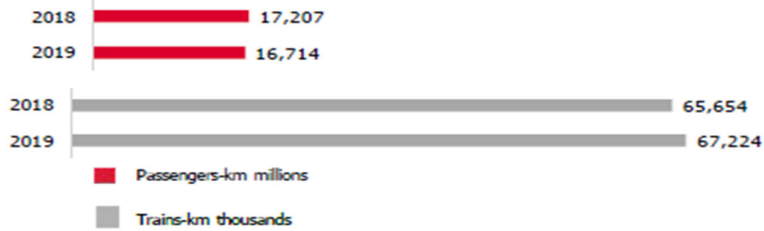
FS Group key operating data in the transport segment (*source: FS Group 2019 annual report*):

(*) Includes the group subsidiaries' traffic abroad.

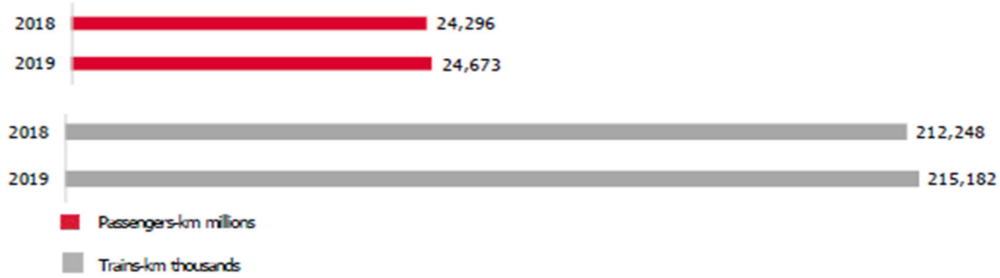
Long-haul transport - Universal service*



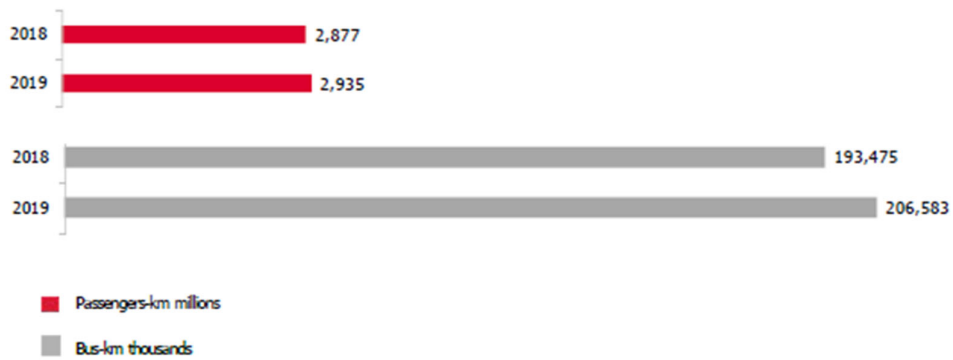
Long-haul transport- Market service*



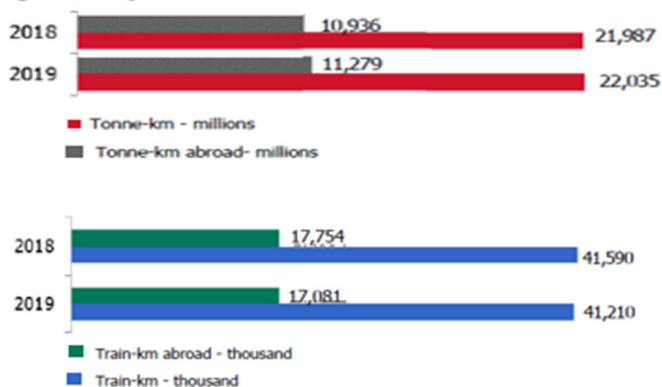
Short-haul transport



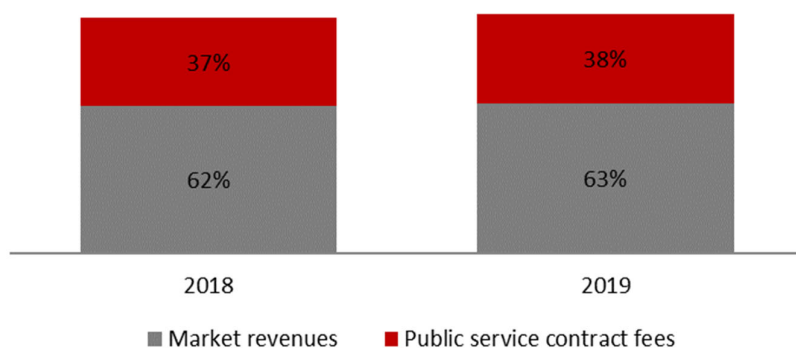
Road transport*



Freight transport*



FS transport segment revenues breakdown between Market services and Public Service Contracts (*source: graphs figures from FS Group annual report*):



Infrastructure Services

Within the macro-sector of Infrastructure Services, the Group operates through RFI, one of its main subsidiaries with the public role of Infrastructure Manager. It is responsible for the entire Italian national rail infrastructure including tracks that are 16,781 km long.

As indicated previously, from 18th January 2018 the company Anas is part of the Group. Anas manages and is responsible for Italy's national road and motorway infrastructure for over 26,000 km. The other group companies active in this macro-sector are Italferr, the group's engineering company, FSE and Grandi Stazioni Rail.

RFI – Rete Ferroviaria Italiana S.p.A. (100% owned by FS) performs the role of railway Infrastructure Manager in Italy, as assigned by a deed of concession (*Concessione*) granted by the Ministry of Infrastructure and Transport ("MIT") in October 2000 with a duration of 60 years (the "**RFI Deed of Concession**") and on the basis of the *Contratto di Programma*, a program contract governing relations with the State. RFI is responsible for the design, construction, commissioning, management and maintenance of the railway infrastructure in Italy. It manages the control and safety systems connected with train operations, contracts with railway companies, and draws up the timetables for the rail network and promotes the integration of the Italian infrastructure within the European railway network. RFI is also operating in the ferry service between Sicily and Sardinia directly and through its subsidiaries. RFI is in charge of the development of high-speed projects, it is active in investing in technology innovation and implementing new technology through internal programmes dealing with technology in safety, traffic management and efficiency and development; moreover RFI is also planning on expanding links between

Northern Italy and other EU countries as well as adding more connections in Southern Italy, including Naples–Bari, Salerno–Reggio Calabria, and Palermo–Catania–Messina, these projects are under designing/construction.

In 2019, RFI had net profit equal to Euro 302 million (with an increase of 10% compared to 2018) and EBITDA of Euro 481 million (an increase of 7%). In 2019, the revenues from sales and services increased by Euro 17 million (an increase of 1%) mainly due to the following factors:

- increase in fee revenue (€7 million), mainly due to the charge in traffic volumes measured as train-km and the impact of changes in the tariff system approved with ART decision no. 43/2019;
- increase in revenue from concession services (€2 million) relating to the invoicing to the Umbria region following merger of UM Ferro Srl;
- lower revenue from traffic-related services (€19 million) due to the drop in revenue from the sale of electrical energy for traction (€20 million) and from shunting services (€1 million), partly offset by the rise in revenue from auxiliary services (€2 million);
- lower revenue from processing for third parties (€3 million), substantially due to the slowdown in work on the Palermo Metroferrovia, also reflected in the related costs;
- lower fees and other property services (€1 million);
- greater revenue from property management (€2 million) due to the combined effect of higher revenue from the recharging of building expense (€4 million), offset by lower revenue from leases (€2 million).

Other income decreased by €8 million, mainly due to the following:

- lower income from performance regime penalty income (€6 million);
- lower revenue from other penalties (€6 million);
- lower insurance compensation (€6 million);
- lower revenue from sundry services (€3 million);
- the increase in other sundry income (€5 million) due to the forfeiture of the surety issued by Astaldi SpA;
- the increase in gains (€8 million) mainly from the sale of property (€1 million) and in ordinary gains (€7 million).

Personnel expense increased by €23 million on 2018, mainly due to the rise in personnel expense for employees (+€20 million) and an increase in other costs (+€3 million).

Other costs, net decreased by €46 million, mainly following the combined effect of the following factors:

- total decrease of €121 million in raw materials, consumables, supplies and goods, mainly due to the following changes:
 - the €79 million decrease in the consumption of materials due to the net effect of the €89 million reduction in materials used for investments and the €10 million increase in grants used for operations;
 - the €8 million increase in lighting and driving force costs;
 - the €37 million increase in revenue from internal work, due to an increase in production output by Officina Nazionale Infrastrutture e Apparecchiature Elettriche (the Bari, Pontassieve and Bologna national workshops);

- the €3 million increase in accruals to the allowance for inventory write-down following the analysis of obsolete and slow-moving item to be disposed of;
- the €16 million drop in costs for electrical energy and fuel for train traction;
- the €1 million increase in the price to purchase materials in stock;
- the increase in service costs (€49 million), mainly due to the combined effect of:
 - the €19 million drop in costs for maintenance and repair of movable and immovable property related to non-recurring maintenance of property (€7 million), ordinary line maintenance (€6 million) and building maintenance (€12 million), offset, in part, by the €66 million decrease in costs for maintenance of movable property;
 - the €10 million increase in contracted cleaning and other services due to the €13 million rise in contracts services, partly offset by the €22 million decrease in upkeep costs and the €1 million reduction in cleaning costs;
 - the €9 million reduction in costs for processing for third parties essentially due to the slowdown of work at the Palermo Metroferrovia;
 - the €11 million decrease in property services and utilities mainly due to the €10 million reduction in building expense and the €1 million drop in utility costs;
 - the €2 million decrease in administrative and IT costs due to the combined effect of the €4 million reduction in administrative services, partly offset by the €2 million increase in costs for IT services;
 - the €6 million increase in ferry services following the growth in high-speed boats in the Messina – Reggio Calabria and Villa San Giovanni – Messina routes provided by Blu Jet Srl;
 - the €35 million increase in costs for other sundry services mainly due to the €17 million rise in accruals and the €8 million decrease in releases for a total of €25 million, the €12 million increase in infrastructure clearance costs, partly offset by the €1 million reduction in other third party services and €1 million drop in testing costs.
- the €21 decrease in use of third-party assets due to lower leases (€15 million) mainly because of the effects of application of IFRS 16 – Leases (€13 million) and the lower trademark licensing fees (€9 million), partly offset by the €3 million increase in leases and indemnities for rolling stock;
- the €13 million decrease in other operating costs substantially due to the €16 million drop in costs related to the Free Travel Card, partly offset by the €2 million increase in contractual penalties and the €2 million increase in accruals and releases due to the combined effect of the rise in prior year accruals the released in 2019 and in accruals for the performance regime;
- the €61 million decrease in internal work capitalized because of the reduced use of materials.

Amortization and depreciation of the year increased by €13 million mainly because of the depreciation of right-of-use assets recognised as a result of the application of IFRS 16.

Net impairment losses increased by €19 million, mainly due the €13 million increase in impairment losses on property, plant and equipment and the €6 million increase in impairment losses on loans and receivables.

Net financial expense decreased by €4 million following the €8 million increase in financial income, mainly as a result of the gain on the sale of the investment in CS Retail SpA, partly offset by the growth in financial expense (€4 million).

The €14 million increase is due to the higher regional tax on productive activities (IRAP) paid to settle the notices of tax assessment on the Free Travel Card for 2010-2014.

For the six month period ended 30 June 2020, RFI recorded a positive net result, with a net profit of Euro 38.8 million, with Euro 99.9 million EBITDA and Euro 58.2 million EBIT; for the six month period ended 30 June 2019, RFI recorded a positive net result, with a net profit of Euro 157.3 million, with Euro 256.9 million EBITDA and Euro 187.4 million EBIT.

The table below set out key financial information relating to RFI for the six month period ended 30 June 2020 and for the years ended 31 December 2019 and 31 December 2018.

	30 June 2020	December 2019	December 2018
	(in millions of Euro)		
Main indicators			
Operating revenues	1,180.9	2,799.4	2,790.5
<i>Track access charges</i>	342.4	1,182.1	1,175.4
<i>CdP-Services Part</i>	622.8	1,022.9	1,016.2
<i>Sale of electrical energy for traction</i>	43.1	165	186
<i>Other income</i>	172.6	429	413
EBITDA	99.9	480.8	449.0
EBIT	58.2	350.6	311.9
Profit (loss) for the year	38.8	301.9	274.2

Classification for:	2019 (km)
<u>Type of track</u>	
Double track lines	7,722
Single track lines	9,057
<u>Electrification</u>	
Double track electrified lines	7,644
Single track electrified lines	4,372
Not electrified lines	4,763
Total km of lines	16,779
<u>Type of service</u>	
Conventional network	23,033
HS lines	1,467
Total tracks Length	24,502

Anas S.p.A. (100% owned by FS) performs the role of road infrastructure manager in Italy, as assigned by a deed of concession (Concessione) granted by the Ministry of Infrastructure and Transport ("**MIT**") in December 2002 with a duration of 30 years (the "**Anas Deed of Concession**"), and on the basis of the *Contratto di Programma*, a program contract governing relations with the State. Anas manages Italy's national road and motorway network and provides support to public entities and roadway design, construction and maintenance both in Italy and abroad.

As mentioned above, Ministry of Economy transferred his entire investment in Anas Group to FS Group at 18th January 2018; consequently FS Group consolidated financial statements at 31 December 2018 include Anas

financial results. Anas is still subject to the auditing and technical-operative supervision of the Ministry of Infrastructure and Transport.

The table below sets out key financial information relating to Anas for the six month period ended 30 June 2020 and 30 June 2019, and for the years ended 31 December 2019 and 31 December 2018.

	30 June 2020	30 June 2019	December 2019	December 2018
	(in millions of Euro)			
Main indicators				
Operating revenues	869,6	883,3	2.163,5	2.046,5
<i>Revenues for construction services</i>	<i>506,8</i>	<i>499,0</i>	<i>1.358,0</i>	<i>1.256,7</i>
<i>Revenues from concession fee</i>	<i>243,1</i>	<i>356,4</i>	<i>741,9</i>	<i>731,1</i>
<i>Other income</i>	<i>119,7</i>	<i>27,9</i>	<i>64</i>	<i>59</i>
EBITDA	69,9	70,4	128,1	157,8
EBIT	(25,8)	(6,2)	(25,3)	(11,6)
Profit (loss) for the year	(16,0)	1,1	(71,1)	2,0

Italferr S.p.A. (100% owned by FS) is the FS engineering firm and offers its services on the Italian and foreign markets in the field of transport engineering. It initiates and completes infrastructural and technological projects included in investment and upgrades plants for the railways.

In 2019, the company had a positive net result of Euro 30.4 million, with an increase in revenues from engineering services (an increase of 14%). For the six month period ended 30 June 2020, Italferr recorded a positive net result, with a net profit of Euro 11.6 million, with Euro 22.9 million EBITDA and Euro 20.7 million EBIT; for the six month period ended 30 June 2019, Italferr recorded a positive net result, with a net profit of Euro 8.7 million with Euro 19.0 million EBITDA and Euro 15.3 million EBIT.

FSE S.r.l. (100% owned by FS) is not only a passenger transport company that provides, through an integrated network, mobility services (train/bus) in Apulia Region but also a firm that provides transport engineering services.

In 2019, FSE (infrastructure area) recorded operating revenues of Euro 52.1 million and the company had a positive net result of Euro 12.6 million, with Euro 18.6 million EBITDA and Euro 17.3 million EBIT. For the six month period ended 30 June 2020, FSE (infrastructure area) recorded a positive net result, with a net profit of Euro 4.2 million, with Euro 12.9 million EBITDA and Euro 11.2 million EBIT; for the six month period ended 30 June 2019, FSE (infrastructure area) recorded a positive net result, with a net profit of Euro 6.9 million, with Euro 14.5 million EBITDA and Euro 13.4 million EBIT.

Grandi Stazioni Rail S.p.A (100% owned by RFI SpA.) is the subsidiary which redevelop, improve and manage the fourteen largest Italian largest railway stations.

The table below sets out key financial information relating to GS Rail for the six month period ended 30 June 2020 and 30 June 2019, and for the years ended 31 December 2019 and 31 December 2018.

	30 June 2020	30 June 2019	December 2019	December 2018
	(in millions of Euro)			
Main indicators				
Operating revenues	71.1	72.6	159.7	140.6
EBITDA	9.4	9.3	20.1	15.6
EBIT	5.5	5.6	10.6	9.1
Profit (loss) for the year	3.7	3.2	5.9	5.4

Commercial Real Estate Activities

Within the macro-sector of Commercial Real Estate Activities, the Group operates mainly through FS Sistemi Urbani S.r.l., furthermore, FS's real estate activities also contribute to the results of this segment.

FS Sistemi Urbani S.r.l. (100% owned by FS Italiane) carries out activities relating to integrated urban services and the enhancement of assets which are not linked to the conduct of the railway business through the integrated management and the development of real estate services. In 2019 FS Sistemi Urbani S.r.l. recorded operating revenues of Euro 39.7 million. The net results in 2019 for the company were positive (Euro 4.1 million). For the six month period ended 30 June 2020, FS Sistemi Urbani S.r.l. recorded a positive net result, with a net profit of Euro 2.2 million, with Euro -0.1 million EBITDA and Euro -0.5 million EBIT; for the six month period ended 30 June 2019, FS Sistemi Urbani S.r.l. recorded a positive net result, with a net profit of Euro 8.7 million, with Euro 10.3 million EBITDA and Euro 9.7 million EBIT.

Other Services

Other companies which make up the non-core services of the Group are Fercredit S.p.A. and Ferservizi S.p.A..

Fercredit S.p.A. (100 % owned by FS) is responsible for the financial services of the Group. Its activities are essentially focused on the development of the credit factoring and leasing on the captive market and on the expansion of the consumer credit transactions for the employees of the Group itself. In 2019, the company recorded a net profit of Euro 4.3 million compared to Euro 3.4 million in 2018.

For the six month period ended 30 June 2020, Fercredit S.p.A. recorded a positive net result, with a net profit of Euro 3.3 million, with Euro -1.0 million EBITDA and Euro -1.1 million EBIT; for the six month period ended 30 June 2019, Fercredit S.p.A. recorded a positive net result, with a net profit of Euro 3.1 million, with Euro -1.3 million EBITDA and Euro -1.4 million EBIT.

Ferservizi S.p.A. (100% owned by FS) is the Group's non-core services company, which constitutes the "Integrated Services Centre" of the FS Group, as it manages activities aimed at the following processes: Real Estate, Administration, Facility Management, Group Procurement. In 2019 the company recorded a net profit of Euro 27.9 million with Euro 38.6 million EBITDA (Euro -4.7 million) and Euro 39.9 million EBIT equal to 32%

For the six month period ended 30 June 2020, Ferservizi S.p.A. recorded a positive net result, with a net profit of Euro 4.7 million, with Euro 12.9 million EBITDA and Euro 8.2 million EBIT; for the six month period ended 30 June 2019, Ferservizi S.p.A. recorded a positive net result, with a net profit of Euro 7.9 million, with Euro 17.4 million EBITDA and Euro 12.9 million EBIT.

Corporate Bodies and Management

The following table sets out the composition of the board of directors of the Issuer (the "**Board of Directors**") as of the date of the Base Prospectus. The shareholders' meeting on 30 July 2018 appointed a Board of Directors

comprising seven members for a period of three terms, which terminate on the date in which the financial statements for the last year of the director's third term is approved. According to clause 10.3 of the Articles of Association, the members of the Board of Directors may be re-elected. On 31 July 2018, the Board of Directors appointed Gianfranco Battisti as chief executive officer.

Board of Directors and Management

The Board of Directors of FS consists of seven members.

The following are the members of the Boards of Directors of FS all of whom were appointed on 30 July 2018.

Name	Position (FS)	Other activities of the members of the Board of Directors within the Group	Main activities of the members of the Board of Directors outside the Group
Gianluigi Vittorio Castelli	Chairman of the Board of Directors		<p>Associate Professor of Practice of Information Systems – SDA Bocconi School of Management e Director of DEVO Lab (Digital Enterprise Value and Organisation Laboratory)</p> <p>Member of Board of Fondazione P&R</p> <p>Member of the surveillance board of Fondazione Ricerca & Imprenditorialità</p> <p>Chairman of Union Internationale des Chemins de Fer (UIC)</p> <p>Sole Director of DBridge</p> <p>Expert of Ministero per l’Innovazione tecnologica e la digitalizzazione</p> <p>Associate Professor of Practice of Information Systems – SDA Bocconi School of Management e Director of DEVO Lab (Digital Enterprise Value and Organisation Laboratory)</p>
Gianfranco Battisti	CEO/Managing Director General Manager	Chairman of Fondazione Italiane of FS	<p>Member of General Board of Confindustria Nazionale and of Internal Directive Board</p> <p>Vice Chairman of Unindustria Lazio (delegate for “Infrastrutture per la crescita”)</p> <p>Member of Management Committee of CER “Community of European Railways and Infrastructure Managers”</p> <p>Member of European Management Committee of UIC “Union International des Chemins de Fer”</p> <p>Member of the Directive Board of Assonime</p> <p>Member of Strategic Steering Board of European University Rome</p> <p>Vice Chairman of Associazione Nazionale Onlus Incontradonna</p> <p>Member of the Directive Board of</p>

Name	Position (FS)	Other activities of the members of the Board of Directors within the Group	Main activities of the members of the Board of Directors outside the Group
			Associazione Onlus Aspro
Flavio Nogara	Director	Chairman of Mercitalia Rail S.r.l.	Employee of Banca Popolare di Sondrio
Andrea Mentasti	Director	N/A	CEO in Milano Serravalle - tangenziali di Milano
Cristina Pronello	Director	N/A	Full Professor at the Politecnico Torino
Francesca Moraci	Director	N/A	<p>Tenured Professor in City Planning and head of city planning laboratory at the architecture and territory faculty of the Università Mediterranea in Reggio Calabria</p> <p>Scientific manager of the urban and territorial strategies for planning laboratory – LabStutep – of the Università Mediterranea in Reggio Calabria</p> <p>Member of the technical committee of the interregional permanent conference for the coordination of the policies in the Messina Strait area (established pursuant art. 4 Calabrian regional law n. 12 of April 2015)</p> <p>Vice-chairman of the conference of the entities participating to the protocol of intent between FSSistemi Urbani, Anas, Italian Ministry of Infrastructures and Transport, universities and business associations on the project "<i>QVQC- Quale Velocità Quale Città- Alta Velocità /Alta Capacità. I nuovi scenari ambientali e territoriali in Europa e in Italia</i>"</p> <p>Member of the college of professor of the architecture and territory PhD of the Università Mediterranea in Reggio Calabria</p> <p>Founding member and vicechairman of the national scientific association "Accademia Urbana"</p> <p>Member of the Scientific Committee - EURISPES Permanent Observatory on Infrastructure, Transport and Logistics - Institute of Economic and Social Political Studies</p> <p>Effective Member of the National Institute of Urban Planning- INU</p>
Wanda Ternau	Director	Member of the Board of Mercitalia	Teaching activities on Global Regulation of Markets and Engineering Infrastructure and Railway Systems at

Name	Position (FS)	Other activities of the members of the Board of Directors within the Group	Main activities of the members of the Board of Directors outside the Group
		Logistics S.p.A.	Sapienza University Member of the Strategic/Executive Committee of GSSEP (Global Social Sustainable Energy Program) Onlus Officer of International Bar Association (IBA, International Construction projects committee) Member of the Panel of International Arbitrators at the Kuala Lumpur Regional Center for Arbitration (KLRCA) Fellow of the Chartered Institute of Arbitrators of London; Professional Member of the Dispute Board Federation of Geneva and Singapore

The business address of each member of the Board of Directors of FS is Piazza della Croce Rossa, 1, 00161 Rome, Italy.

Board of Statutory Auditors

The board of statutory auditors (the "**Board of Statutory Auditors**") has three standing members and two alternative members elected by the general shareholders' meeting. Pursuant to Article 2403 of the Italian Civil Code, the Board of Statutory Auditors verifies compliance with the law, the Articles of Association and with correct corporate governance principles, and also verifies the adequacy and functionality of the organisational structure and administrative and accounting systems adopted by the Issuer.

The following are the members of the Boards of Auditors of FS all of whom were appointed on 3 July 2019:

Name	Position (FS)	Other activities of the members of the Board of Statutory Auditors within the Group	Main activities of the members of the Board of Statutory Auditors outside the Group
Alessandra dal Verme	Chairman of the Board of Statutory Auditors	N/A	Manager of the Ministry of Economy and Finance – Cabinet of the Minister – in charge of the Recovery Plan.
Susanna Masi	Statutory Auditor	Chairman of the Board of Statutory Auditors of Fondazione FS	Chartered accountant auditor
Gianpaolo Davide Rossetti	Statutory Auditor	Chairman of the Board of Statutory Auditors of Tunnel Ferroviario del Brennero. Member of the Board of Statutory Auditors of FS Technology S.p.A.	Chartered accountant auditor Chairman of the board of Statutory Auditors of: Thales Alenia Space Italia Spa, Fata Logistic Systems SpA, Consel - Consorzio ELIS per la formazione professionale superiore, Università Europea di Roma (UER), Consiglio Nazionale Architetti Pianificatori Paesaggisti e Conservatori. Member of the board of Statutory

Name	Position (FS)	Other activities of the members of the Board of Statutory Auditors within the Group	Main activities of the members of the Board of Statutory Auditors outside the Group
			Auditors of Green Arrow Capital SGR SpA, OIC (Organismo Italiano di Contabilità). Member of Supervisory Body ("Organismo di vigilanza" pursuant Legislative Decree n. 231/01) of Vitrociset S.p.A
Letteria Dinaro	Alternate Auditor	N/A	Manager of the Ragioneria Generale dello Stato (General Accounting Department of State) (MEF) Chief of the General Budgetary Inspectorate Chairman of the board of Auditors of SAC Service Catania. Member of the board of Statutory Auditor of University of Messina
Salvatore Lentini	Alternate Auditor	N/A	Manager at MEF for the Public Finance inspection services of the General Finance Inspectorate Chairman of the Board of Statutory Auditors of: Fondazione INDA, CCIAA delle Marche, Sogin S.p.A.

The business address of each member of the Board of Statutory Auditors of FS is Piazza della Croce Rossa, 1, 00161 Rome, Italy.

Conflict of Interest

To the Issuer's knowledge, including on the basis of the FS' procedure concerning the "Related Party Transactions" (Administrative and Accounting Procedure - PAC/FS/11, 3 December 2010), there are no existing potential conflicts of interest between the Board of Directors' or Board of Statutory Auditors' duties with respect to the Issuer and their private interests and/or duties.

Third Party Information

The Issuer confirms that third party information contained in the Base Prospectus has been accurately reproduced. As far as the Issuer is aware and is able to ascertain from information published by a third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Capital

According to Article 5 of the Articles of Association, the share capital of FS as at the date of the Base Prospectus is Euro 39,204,173,802.00 consisting entirely of ordinary shares with a par value of Euro 1 each. All the shares in issue are fully subscribed and paid up. No preference shares have been issued and the Issuer does not hold treasury shares.

The share capital of FS can be increased by means of the contribution of cash or assets. Further to any increase in share capital, the new shares would need to be offered as options to the shareholders in proportion to the shares actually owned; those who exercise the option will have the right to purchase the shares.

Corporate Governance

The Issuer complies in all material respects with the Italian corporate governance regime applicable to it pursuant to its Articles of Association and Italian legislation. The corporate governance process is based on the provisions and communications issued by FS' Board of Directors. FS is administered by a Board of Directors consisting of seven members (the Chairman, a Chief Executive Officer and five non-executive directors) appointed by the Shareholders' Meeting.

Relevant Committees

FS established two committees comprised of members of the Board of Directors of FS: the *Comitato Audit, Controllo rischi e Governance* and the *Comitato per la Remunerazione e le Nomine*.

The main task of the *Comitato Audit, Controllo Rischi e Governance* is to support, through preparatory work, proposals and opinions:

- the evaluations of the Board of Directors concerning the internal control system and risk management, as well as the requirements for the approval of periodic financial reports;
- the evaluations concerning the size/composition of the Board of Directors and the corporate governance of the FS Group, as well as the corporate social responsibility.

The main task of the *Comitato per la Remunerazione e le Nomine*, is to advise and make proposals to the Board of Directors regarding, among other things, the remuneration of the members of the Board of Directors with executive powers, the definition of criteria for the designation of FS' key management personnel and members of Group's corporate bodies, the eventual co-option of FS' Directors as well as the periodic review of the requirements of independence and integrity and the absence of any reasons for incompatibility or ineligibility of the Directors of FS.

Furthermore, FS has established corporate committees, among which the following are the most relevant:

- The main task of the **Ethical Committee** is to promote the integration of ethical principles within corporate processes, to verify the compliance of the behaviour of the Board of Directors and employees to the standards of conduct and to revise business procedures in light of the Code of Ethics adopted by FS. Meetings of the Committee take place quarterly and its members are appointed by the Board of Directors.
- The main task of the **Committee for Equal Opportunities** is to promote initiatives and actions to offer female workers more favourable working conditions and greater development opportunities. Meetings of the Committee take place every two months and consist of one female representative from each trade union organization which signs the *CCNL Mobilità/AreaAF* and a corresponding number of female members designated by the Group.
- The main task of the **Investment Committee** is to provide guidelines on investment and divestment plans, assess the soundness (strategic, economic and financial) of strategic initiatives, monitor business plan execution and propose corrective actions. Meetings of the Committee take place upon the initiative of the Strategies and Planning Department. The Investment Committee members are appointed by the CEO.
- The **Sustainability Committee** main task is to ensure the integration of social and environmental aspects in the group's economic/financial strategies. Thus, it aims at identify and maintain up to date the Group's values and sustainability principles as well as the Group's vision and commitment on every sustainability dimension, for the final approval by the Board of Directors. The above duties in order to promote the values and principles of sustainable development, engage stakeholders, evaluate environmental impacts of strategic decisions and related risks, review and update sustainability policies and assess Group's performance on sustainability requirements and expectations.
- Additionally, in connection with the launch of its first Green Bond in 2017, FS established a **Green Bond Working Committee**, established to create, review, maintain and implement FS Green Bond

Framework. This Committee consists of members of FS' Finance and Sustainability teams, as well as those of the subsidiaries involved from time to time. The Committee is chaired by FS's Head of Finance.

- The Group's **Information and IT System Security Committee** is an intragroup advisory body that monitors information and IT system initiatives. In particular, the committee steers FS Group's information security strategies, formulates proposals to group companies for the mapping of critical business processes in terms of emerging risks inherent to the use and management of information resources, monitors IT projects and assesses and approves proposals concerning the regulation of information and IT system security evaluations and certification.
- The **Credit Committee** is responsible for monitoring the performance of group receivables, highlighting any critical areas and promoting the necessary corrective action, while also assessing consolidated exposure to each counterparty and any possibility of offsetting amounts.
- The **SoD (Segregation of Duties) Committee** carries out advisory activities and provides guidance on the segregation of duties. FS' SoD Committee is responsible for defining, validating and overseeing the group's SoD risk matrix. In addition, this committee is responsible for analysing and monitoring the implementation of the appropriate remediation actions to take in the management/resolution of SoD risks that are detected throughout many group companies' staff processes.
- The **Foreign Development Committee** was set up for the strategic oversight of development initiatives in the group's interests abroad, including evaluation of relevant initiatives/projects, approval of alliance and partnership strategies and monitoring of progress status of relevant Group projects execution.

Internal Audit Department

FS' management system is divided into eleven departments which report directly to the Chairman or to the CEO. The main group companies have internal audit departments reporting to the Chairman of their BoD. For companies that do not have (or do not yet have) their own internal audit departments, the parent's Central Audit Department provides this service. If an Audit Committee has been set up, the internal audit department reports to it as well, as defined by the relevant company's internal procedures.

Internal auditing at group level is independent and objective, provides assurance and serves an advisory purpose, to improve the organisation's efficiency and effectiveness. It also helps the organisation to pursue its targets through a professional and systematic audit approach, which generates added value as it is aimed at assessing and improving control, risk management and corporate governance processes.

For the analysed processes, the group's internal audit departments assess the adequacy of the internal control system (ICS), with respect to the following:

- effective, efficient operations;
- protecting company assets;
- compliance with laws, regulations (both inside and outside the company) and contracts.

The Central Internal Audit Department defines the group's audit guidelines and methodologies, which also helps better manage internal audit personnel.

Law 262/2005

Since 2007, as requested by the shareholder MEF and in order to adopt corporate governance systems that are increasingly in line with those of listed companies, the parent company FS established the role of the Manager in charge for the Company's accounting documents preparation (hereafter Manager in charge) pursuant to Law no. 262 of 28 December 2005 "*Provisions to protect asset management and regulate financial markets*" for companies listed on financial markets.

This role became legally mandatory in 2013, pursuant to article 154-*bis* of the Consolidated Law on Finance, when FS issued its first listed bond (in July 2013) resulting in FS's status as a public interest entity pursuant to article 16 of Legislative decree no. 39/2010 as an "Issuer of listed financial instruments".

The Board of Directors approved the regulation of the Manager in charge on 28 July 2015 to give the manager the appropriate means and powers, commensurate with the nature and complexity of their duties and the size of the company and the group, and to put the manager in a position to be able to carry out the assigned duties, which include interacting with the parent's other bodies and departments.

On 4 July 2016, the shareholder resolved to amend article 16 of the by-laws to implement the legislative requirements for article 154-bis of the Consolidated finance act) which – as noted earlier – applies to FS following the issue of listed bonds.

Due to FS Group's organisational and operational complexity, in order to strengthen and improve efficiency in the application of this legislation, FS' Board of Directors has deemed it appropriate, from the beginning, to let its main subsidiaries immediately appoint Manager in charge as well (RFI, Trenitalia, Mercitalia Logistics, Mercitalia Rail, Busitalia Sita Nord, Ferservizi, Fercredit, Ferrovie del Sud Est and FS Technology). The Manager in charge has been appointed also in Anas S.p.A. and in its direct subsidiaries Anas International Enterprise S.p.A. and Quadrilatero Marche Umbria S.p.A.

Since the position was created and filled, FS' current Manager in charge has been the Managing Director of Administration, Budget and Tax Department. The current Manager in charge appointment was confirmed by the Board of Directors on 27 March 2018 upon the CEO's proposal and with the approval of the Board of Statutory Auditors. He will remain in charge until the approval of the financial statements as at and for the year ending 2020.

Law 231/2001

Legislative Decree n. 231 of 8 June 2001 ("**Law 231/2001**") "*Regulation of the administrative responsibility of the legal persons, companies and associations even without legal personality under Article. 11 of September 29th 2000, no. 300*" introduced into Italian law the principle of corporate criminal responsibility, i.e., criminal responsibility imposed on an entity, as well as on a natural person.

The expansion of such responsibility allows both the property of the entities themselves as well as the economic interests of the shareholders to be considered in formulating the penalty of certain criminal offences committed by the company's directors or employees.

Group procedure no. 209/P of 9 June 2016, which replaced the previous measures concerning the control model since 2002, requires the companies of the Group to adopt an organisational, management and control model to prevent the illegal conduct covered by Legislative decree no. 231/2001 and establish a supervisory body responsible for monitoring that the models are functional and compliant and propose updates to them.

Supervisory bodies are normally set up as boards with a chairman from outside the company with important, specific expertise in this respect, an internal audit manager and a legal expert from outside the group or, alternatively, a member of the board of statutory auditors.

To ensure the bodies' independence, their members may not hold similar positions with subsidiaries or parents nor have interests in or carry out material transactions with the company, subsidiaries or parents.

The latest update of the Group's 231 control model provides that the FS' Supervisory Body consists of three members, of which (i) at least two are persons external the Group, one of which - in possession of specific skills as per the Legislative Decree 231/2001 - is also appointed as Chairman, and (ii) the third is another person external the Group or, alternatively, is the Director of FS' Central Internal Audit Department. An external member who does not hold the office of chairman can be identified as a member of the Board of Statutory Auditors. The external members must have the necessary skills to carry out the assignment (of a legal and / or business-economic nature). At least one of them must have legal skills.

Code of Ethics

The Code of Ethics adopted by FS clearly sets out the responsibilities, ethical and social commitments that FS has with regard to the stakeholders, and outlines the rules underlying any action taken by the Group. It is approved by the Board of Directors and applies to the corporate bodies, management, employees, external consultants, commercial partners, suppliers and other stakeholders of the Group.

Sustainability and Environment

Since 2008, FS Italiane has increasingly committed to improve the mobility sector in Italy, anticipating the challenges of the future and creating long-term value for the country. Indeed, the business plan itself integrates the principles of social, environmental and economic sustainability with the aim of offering people personalised, high quality services.




FS Group is also a member of the UIC (Union internationale des chemins de fer), which promotes the railway sector around the world as a solution to the challenges of mobility within a sustainable development framework. The Group signed the “UIC declaration on Sustainable Mobility and Transport”, formalising its commitment to responsible practices in terms of human rights, labour conditions, the environment and anti-corruption, in line with the ten principles of the UN Global Compact subscribed in 2017.

Furthermore, FS Group supports the achievement of the following Sustainable Development Goals as part of the United Nations 2030 Agenda for sustainable development: gender equality, decent work and economic work, industry innovation and infrastructure, sustainable cities and communities, climate action and partnerships for the goals.

On 1 July 2016, the Sustainability Committee was set up to ensure the integration of social and environmental aspects in the Group's economic/financial strategies and promote the values and principles of sustainable development, in accordance with the stakeholders' requirements and expectations.

The FS Group has formalised a set of principles – for all stakeholders – underpinning its business policies, code of conduct and vision.

In 2018, the Sustainability Committee undertook a collaborative process with stakeholders to outline the FS Group's long-term strategic goals. As a result, three goals, as set out in the table below, have been approved by the companies' Boards of Directors in 2019 and now constitutes priorities on which FS and its subsidiaries will invest in forthcoming years to contribute to shape a sustainable future.

Objective	Target	Contribution to the SDGs
Sustainable mobility Increase the percentage of passengers and freight transported using alternative, collective mobility solutions	Passengers: 5% modal shift from privately-owned cars to shared public mobility and soft modes of transport by 2030 (15% by 2050), compared to 2015. Freight: 50% of transport on roads and 50% of transport on rails by 2050 (for distances over 300 km).	
Energy and emissions Achieve a carbon-neutrality	Carbon neutral by 2050 (including traction).	
Safety Become Europe's best-in-class	Zero fatalities involving passengers on FS Italiane Group vehicles (trains, buses and other mobility systems), people interfering with the railway ecosystem, FS Italiane Group personnel and employees of contracting companies, by 2050 . 50% fewer fatalities on roads operated by Anas by 2030 , compared to 2015.	

The FS Group continuously monitors its environmental impacts with the aim of minimising and mitigating negative impacts, while taking the necessary steps to develop the environmental advantages of mass transport and making the most of local resources.

Since 2009, FS has been publishing an annual Sustainability Report with the aim of illustrating our commitment to this important issue. In addition, in 2017, FS drew up the first Consolidated Non-Financial Statement (DNF), pursuant to Italian Legislative Decree 254/2016, published in the Annual Financial Report. The Sustainability Report has been prepared in accordance with the “GRI Sustainability Reporting Standards” guidelines issued by the Global Reporting Initiative (GRI) in 2016, using the comprehensive reporting option. The report covers the

economic, social and environmental activities deemed to be the most significant for the Group and its stakeholders. The Report is also subject, on voluntary basis, to a limited assurance by KPMG S.p.A..

As a proof of the Group's commitment in the sustainability issues, the FS sustainability profile is currently assessed by the following agencies.

Since 2018, FS has been participating to the Carbon Disclosure Project (CDP). In 2020 FS Group received the score of "A-" which is in the Leadership band. This is higher than the Europe regional average (C), and higher than the Rail transport sector average (B).

Also, the Group has been participating to the Vigeo-Eiris ESG rating questionnaire, improving its performance from a "limited" assessment in 2017 to a "robust" assessment in 2019, achieving a score of 52 out of 100.

In 2019, for the first time, FS was also included in the Integrated Governance Index (IGI). FS Group ranked second in the Top "not listed companies", ranking 34th in the IGI General Classification.

In 2020, FS achieved the "Prime" status of the ISS-Oekom rating (score C+), which includes companies leader in their industrial sector for the Corporate Social Responsibility issues.

FS Sustainable Finance

Ferrovie strongly believes that rail and public transport are critical for sustainable development and global efforts to combat climate change, by facilitating the modal shift away from cars into less carbon intensive modes of transport.

In 2017 Ferrovie has developed the FS Green Bond Framework in accordance with the ICMA Green Bond Principles and which aims at financing projects with a positive impact in terms of environmental and social sustainability. The FS Green Bond Framework obtained a second party opinion from Sustainalytics.

On July 2019, FS updated its Green Bond Framework. Among the Eligible Green Projects, new regional trains Rock and Pop are included. The new Framework envisages also high-speed trains – already in the first green bond along with the regional trains – and, as a new entry, new electric locomotives and wagons for freight transport. All the Eligible Green Projects are aligned with the EU Taxonomy regulation.

The FS Green Bond Framework now envisages as Eligible Green Projects the following:

- *Investments in public passengers transport rolling stock renewal:*
 - New Electric Multiple Unit (EMU) trains for regional passenger transport, so called "Pop" and "Rock";
 - New Electric High speed Trains "ETR 1000".
- *Investments in freight transport rolling stock renewal:*
 - New electric traction locomotives;
 - New wagons for coils transportation.

Both categories of projects ensure energy efficiency improvements, carbon emissions reduction and a modal shift to rail in the local public and long-distance transport market as well as freight transportation, and contribute, among other factors, to the improvement of air quality.

On 30 November 2017, FS issued its Euro 600 million 0.875% due 12/2023 inaugural green bond (Series 7) under the Programme, to finance the Eligible Green Projects as per the first Green Bond Framework (i.e. investments in public passengers transport rolling stock renewal). 97% of the proceeds were allocated at date of issue whereas full allocation was completed on 4 April 2018.

On 5 July 2019, FS issued its second green bond having a nominal value of Euro 700 million and a 7-year tenor, coupon at 1.125%. The bond was the first Italian bond certified by the Climate Bond Initiative. More than 70% of the bond net proceeds is going to finance the purchase of about 70 new Pop and Rock regional trains. The

electric locomotives and the latest generation wagons for freight transport are the new entry among all the financed projects.

In 2020 FS expanded, innovating, sustainable financial solutions to all its counterparties.

- Euro 300 million bank loan, where Euro 200 million have been earmarked to an ESG Tranche financing Trenitalia new 17 Frecciargento, electric long-haul passengers trains, which are aligned with the EU Taxonomy standards.
- Euro 400 million of Trenitalia rolling stocks for public service financed this year via Eurofima are aligned with the EU Taxonomy standards as well.
- Up to Euro 450 million “*climate action*” financing from European Investment Bank has been approved for the new Hybrid regional trains, Euro 150 million have been already subscribed by the EIB via a EMTN private placement.

Employees

The number of group employees rose from 82,944 at 31 December 2018 to 83,764 at 31 December 2019, showing a net increase of 820 (average number of employees: +1,214), 517 of whom through business acquisitions.

Investments and Capital Expenditure

FS Italiane Group’s total expenditure for investments in 2019 amounts to €6,943 million (€2,827 million self-financed and €4,116 million through government grants) compared to Euro 5,871 million in 2018.

With reference to the capital expenditure¹², FS Group entailed in developing and managing volumes of roughly €8.1 billion in 2019, 96% of which in Italy (+8% on the €7.5 billion at 2018 year-end).

Approximately 75% of capital expenditure refers to the Infrastructure operating segment, with RFI S.p.A. investing €4,679 million, including €4,584 million for the traditional/HC network and €95 million for the HS/HC network between Turin, Milan and Naples and Anas group investing €1,308 million. Roughly, 24% of investments refers to the Transport operating segment for projects devoted to the transport of passengers by road and rail, both in Italy and abroad, and to the transport of freight. Specifically, Trenitalia S.p.A. invested €1,451 million (including ordinary maintenance), the Mercitalia group approximately €174 million, the Busitalia group €192 million, FSE S.r.l. €10 million and the remaining companies operating abroad €64 million (Netinera Deutschland GmbH, Trenitalia, Trenitalia c2c Ltd, Thello SAS and TrainOSE SA). The Real Estate and Other services segment accounts for the remainder of the Group’s investments, made mainly by FS Sistemi Urbani S.r.l. and FS Italiane S.p.A for the maintenance and upgrade of the respective property assets and ICT projects.

Overview of the Consolidated Financial Information of the Group

Consolidated Income Statement for the years ended 31 December 2019 and 2018¹³

	For the year ended 31 December	
	2019	2018
	<i>(in millions of Euro)</i>	
Revenue		
Revenue from sales and services	11,957	11,560

¹² In addition to the consolidated expenditure for investments, capital expenditure (see definition in the Non-IFRS Financial Measures) includes Anas S.p.A. and FSE S.r.l. investments recognised pursuant to IFRIC 12 (approximately €1.3 billion) while the remainder is comprised of the investments of special-purposes entities not consolidated on a line-by-line basis (e.g., TELT, BBT etc, for around €0.3 billion).

¹³ Source: 2019 Consolidated Financial Statements and 2020 Interim Report Highlights

Other income	478	512
Total revenue	12,435	12,072
Operating costs		0
Personnel expense	(4,945)	(4,853)
Raw materials, consumables, supplies and goods	(1,491)	(1,599)
Services	(4,741)	(4,371)
Use of third-party assets	(140)	(257)
Other operating costs	(220)	(198)
Internal work capitalised	1,711	1,682
Amortisation and depreciation	(1,712)	(1,571)
Reversals of impairment losses	(90)	(155)
Provisions	22	(36)
Operating profit	829	714
Financial income and expense		
Financial income	88	92
Financial expense	(286)	(221)
Share of profits of equity-accounted investees	22	32
Pre-tax profit	653	617
Income taxes	(60)	(58)
Profit (loss) from assets held for sale, net of taxes	(9)	0
Profit for the year from continuing operations	584	559
Profit for the year (attributable to the owners of the parent and non-controlling interests)	584	559
<i>Profit for the year attributable to the owners of the parent</i>	<i>573</i>	<i>540</i>
<i>Profit for the year attributable to non-controlling interests</i>	<i>11</i>	<i>19</i>

Consolidated Income statement for the six months ended 30 June 2020 and 2019

	Six month period ended 30 June	
	2020	2019
	<i>(in millions of Euro)</i>	
Revenue		
Revenue from sales and services	4,580	5,745
Other income	170	229
Total revenue	4,750	5,974
Operating costs		
Personnel expense	(2,316)	(2,487)
Raw materials, consumables, supplies and goods	(470)	(639)
Services	(1,894)	(2,047)
Use of third-party assets	(55)	(73)
Other operating costs	(80)	(116)
Internal work capitalised	583	685
Amortisation and depreciation	(794)	(834)
Reversals of impairment losses	(67)	(9)
Provisions		
Operating profit	(343)	454
Financial income and expense		

Financial income	58	40
Financial expense	(132)	(131)
Share of profits of equity-accounted investees	(11)	16
Pre-tax profit	(428)	379
Income taxes	11	(17)
Profit (loss) from assets held for sale, net of taxes		
Profit for the year from continuing operations	(419)	362
Profit for the year (attributable to the owners of the parent and non-controlling interests)	(419)	362
<i>Profit for the year attributable to the owners of the parent</i>	<i>(399)</i>	<i>358</i>
<i>Profit for the year attributable to non-controlling interests</i>	<i>(20)</i>	<i>4</i>

Consolidated Statement of Financial Position as of 31 December 2019 and 2018

	As of 31 December	
	2019	2018
	<i>(in millions of Euro)</i>	
Property, plant and equipment	46,058	44,371
Investment property	1,385	1,403
Intangible assets	2,713	4,260
Deferred tax assets	405	413
Equity-accounted investments	574	555
Service concession financial assets	1,696	1,917
Non-current financial assets (including derivatives)	1,628	2,155
Non-current trade receivables	6	9
Other non-current assets	5,319	4,471
Total non-current assets	59,784	59,554
Inventories	2,290	2,200
Current trade receivables	2,671	2,494
Current financial assets (including derivatives)	705	818
Service concession financial assets	1,549	1,220
Cash and cash equivalents	1,534	1,796
Tax assets	128	120
Other current assets	3,462	4,317
Total current assets	12,339	12,965
Assets held for sale and disposal groups	1,691	0
Total assets	73,814	72,519
Equity	42,290	41,697
Equity attributable to owners of the parent	41,842	41,254
Share capital	39,204	39,204
Reserves	53	50
Valuation reserves	(428)	(436)
Retained earnings (losses carried forward)	2,440	1,896
Profit for the year	573	540

Total equity attributable to non-controlling interests	448	443
Profit for the year attributable to non-controlling interests	11	19
Share capital and reserves attributable to non-controlling interests	437	424
Liabilities		
Non-current loans and borrowings	7,211	8,335
Post-employment benefits and other employee benefits	1,221	1,474
Provisions for risks and charges	2,547	2,588
Deferred tax liabilities	502	525
Contract advances	1,142	995
Non-current financial liabilities (including derivatives)	1,577	1,620
Non-current trade payables	27	49
Other non-current liabilities	162	138
Total non-current liabilities	14,389	15,724
Current loans and borrowings and current portion of non-current loans and borrowings	4,095	3,069
Current portion of provisions for risks and charges	34	35
Current trade payables	5,797	5,398
Tax liabilities	13	19
Contract advances	197	142
Current financial liabilities (including derivatives)	176	69
Other current liabilities	5,614	6,366
Total current liabilities	15,926	15,098
Liabilities held for sale and disposal groups	1,209	0
Total liabilities	31,524	30,821
Total equity and liabilities	73,814	72,519

Interim consolidated statement of financial position as of 30 June 2020 and 31 December 2019

	As of 30 June 2020	As of 31 December 2019
	<i>(in millions of Euro)</i>	
Property, plant and equipment	46,138	46,058
Investment property	1,408	1,385
Intangible assets	2,679	2,713
Deferred tax assets	416	405
Equity-accounted investments	574	574
Service concession financial assets	1,815	1,696
Non-current financial assets (including derivatives)	1,409	1,628
Non-current trade receivables	6	6
Other non-current assets	4,693	5,319
Total non-current assets	59,138	59,784
Inventories	2,413	2,290
Current trade receivables	2,582	2,671
Current financial assets (including derivatives)	658	705

Service concession financial assets	1,505	1,549
Cash and cash equivalents	1,166	1,534
Tax assets	111	128
Other current assets	3,938	3,462
Total current assets	12,373	12,339
Assets held for sale and disposal groups	1,679	1,691
Total assets	73,190	73,814
Equity	41,875	42,290
Equity attributable to owners of the parent	41,443	41,842
Share capital	39,204	39,204
Reserves	70	53
Valuation reserves	(434)	(428)
Retained earnings (losses carried forward)	3,002	2,440
Profit for the year	(399)	573
Total equity attributable to non-controlling interests	432	448
Profit for the year attributable to non-controlling interests	(20)	11
Share capital and reserves attributable to non-controlling interests	452	437
Liabilities		
Non-current loans and borrowings	7,973	7,211
Post-employment benefits and other employee benefits	1,180	1,221
Provisions for risks and charges	2,533	2,547
Deferred tax liabilities	485	502
Contract advances	1,034	1,142
Non-current financial liabilities (including derivatives)	1,514	1,577
Non-current trade payables	27	27
Other non-current liabilities	156	162
Total non-current liabilities	14,902	14,389
Current loans and borrowings and current portion of non-current loans and borrowings	3,300	4,095
Current portion of provisions for risks and charges	36	34
Current trade payables	4,565	5,797
Tax liabilities	11	13
Contract advances	358	197
Current financial liabilities (including derivatives)	200	176
Other current liabilities	6,740	5,614
Total current liabilities	15,210	15,926
Liabilities held for sale and disposal groups	1,203	1,209
Total liabilities	31,315	31,524
Total equity and liabilities	73,190	73,814

Consolidated Cash Flows Statement for the years ended 31 December 2019 and 2018

As of 31 December

2019

2018

(in millions of Euro)

Profit for the year	584	559
Income taxes	60	57
Net financial expense	198	107
Amortisation and depreciation	1,712	1,571
Share of profits/losses of equity-accounted investments	(22)	(32)
Accruals to provisions and impairment losses	427	305
Profit on sales	(111)	(82)
Change in inventories	(91)	(74)
Change in trade receivables	(285)	535
Change in trade payables	421	(165)
Change in other liabilities	(740)	263
Change in other assets	(7)	(578)
Uses of provisions for risks and charges	(339)	(364)
Payment of employee benefits	(273)	(200)
Change in assets/liabilities held for sale	(28)	
Financial income collected/financial expense paid	(199)	(107)
Income taxes paid, net of reimbursed tax assets	(61)	(47)
Change in service concession financial assets/liabilities	26	(283)
Net cash flow generated by operating activities	1,273	1,466
Increases in property, plant and equipment	(6,542)	(5,770)
Increases property	(2)	(1)
Increases in intangible assets	(340)	(402)
Increases in equity investments	(120)	(141)
Investments, before grants	(7,003)	(6,314)
Grants for property, plant and equipment	4,116	4,725
Grants for investment property		
Grants for intangible assets		2
Grants for equity investments	112	125
Grants	4,229	4,852
Decrease of property, plant and equipment	141	115
Decrease of investment property	1	17
Decrease of intangible assets	2	20
Decrease of equity investments	9	12
Divestments	153	163
Net cash flow used in investing activities	(2,622)	(1,299)
Finance lease payments	(180)	
Disbursement and repayment of non current loans	131	(1,106)
Disbursement and repayment of current loans	486	111
Change in lease liabilities		
Change in financial assets	657	428
Change in financial liabilities		154
Dividends	(8)	(159)
Changes in equity	1	367

Net cash flow generated by in financing activities	<u>1,087</u>	<u>(205)</u>
Total cash flows	(262)	(38)
Opening cash and cash equivalents	1,796	1,834
Closing cash and cash equivalents	<u>1,534</u>	<u>1,796</u>

Consolidated Cash Flows Statement for the six months ended June 2020 and 2019

	For the six months ended 30 June	
	2020	2019
	<i>(in millions of Euro)</i>	
Profit for the year	<u>(419)</u>	<u>584</u>
Income taxes	(9)	60
Net financial expense	76	198
Amortisation and depreciation	794	1,712
Share of profits/losses of equity-accounted investments	11	(22)
Accruals to provisions and impairment losses	279	427
Profit on sales	(27)	(111)
Change in inventories	(123)	(91)
Change in trade receivables	69	(285)
Change in trade payables	(1,211)	421
Changes in current and deferred taxes		
Change in other liabilities	1,151	(740)
Change in other assets	153	(7)
Uses of provisions for risks and charges	(244)	(339)
Payment of employee benefits	(81)	(273)
Change in assets/liabilities held for sale		(28)
Financial income collected/financial expense paid	(68)	(199)
Income taxes paid, net of reimbursed tax assets	(9)	(61)
Change in service concession financial assets/liabilities	(23)	26
Change in assets/liabilities available for sale	(10)	
Net cash flow generated by operating activities	<u>309</u>	<u>1,273</u>
Increases in property, plant and equipment	(2,325)	(6,542)
Increases property	(6)	(2)
Increases in intangible assets	(104)	(340)
Increases in equity investments	(102)	(120)
Investments, before grants	<u>(2,537)</u>	<u>(7,003)</u>
Grants for property, plant and equipment	1,523	4,116
Grants for investment property		
Grants for intangible assets	1	
Grants for equity investments	84	112
Grants	<u>1,608</u>	<u>4,229</u>

Decrease of property, plant and equipment	43	141
Decrease of investment property		1
Decrease of intangible assets		2
Decrease of equity investments	4	9
Divestments	47	153
Net cash flow used in investing activities	(882)	(2,622)
Finance lease payments	(81)	(180)
Disbursement and repayment of non current loans	610	131
Disbursement and repayment of current loans	(624)	486
Grants on plant account for loans	298	
Change in lease liabilities		
Change in financial assets	(24)	657
Change in financial liabilities	23	
Dividends		(8)
Changes in equity	3	1
Net cash flow generated by in financing activities	205	1,087
Total cash flows	(368)	(262)
Opening cash and cash equivalents	1,534	1,796
Closing cash and cash equivalents	1,166	1,534

Reclassified Consolidated Statement of Financial Position as of 31 December 2019 and 2018

	As of 31 December	
	2019	2018
	<i>(in millions of Euro)</i>	
ASSETS		
Net operating working capital	(262)	(324)
Other assets, net	2,928	2,378
Working capital	2,666	2,054
Net non-current assets	51,132	50,986
Other provisions	(4,303)	(4,622)
Net assets held for sale	482	0
NET INVESTED CAPITAL	49,977	48,418
COVERAGE		
Net current financial debt	677	(555)
Net non-current financial debt	6,982	7,210
Net financial debt	7,659	6,655
Equity	42,318	41,763
COVERAGE	49,977	48,418

Reclassified Consolidated Statement of Financial Position as of 30 June 2020 and 31 December 2019

	As of 30 June 2020	As of 31 December 2019
	<i>(in millions of Euro)</i>	
ASSETS		
Net operating working capital	896	(262)
Other assets, net	1,763	2,928
Working capital	2,659	2,666
Net non-current assets	51,209	51,132
Other provisions	(4,234)	(4,303)
Net assets held for sale	476	482
NET INVESTED CAPITAL	50,110	49,977
COVERAGE		
Net current financial debt	528	677
Net non-current financial debt	7,691	6,982
Net financial debt	8,219	7,659
Equity	41,891	42,318
COVERAGE	50,110	49,977

The reclassified income statement shows the effects of initial application of IFRS 16 in 2019 while the comparative figures for the previous year have not been restated as allowed by the modified retrospective approach adopted by the group.

Comments on the change in the 2019 annual data compared to 2018

The **profit for 2019** amounts to €584 million, compared to €559 million for the previous year, showing a percentage increase of 4.5%.

The €133 million increase (+5.4%) in the **gross operating profit** demonstrates that, as mentioned earlier, the group's business remains sound. The gross operating profit would, in any case show year-on-year growth of €3 million net of the effects of initial application of IFRS 16.

Revenue rose by €363 million (+3.0%) due to growth in revenue from transport services of €230 million, revenue from infrastructure services of €133 million and other revenue from contracts with customers of €18 million. The growth in the latter was entirely offset by the decrease in other revenue and income in 2019, which also totalled €18 million.

Specifically, increases were seen in all the specific components of **revenue from transport services** (+€230 million):

- revenue from the long-haul railway passenger transport service increased by €85 million – almost all of which was due to the market service – mainly due to the policies implemented by the group's main transport company to strengthen its offer (train-km are up 2.2%). While revenue from long-haul universal services benefited from the positive effects of the progressive product upgrades (+€12 million), it decreased as a result of the reduction in the universal service contract fees due to the application of the restructuring and postponement of investments, as established in the same contract (-€14 million);
- revenue from the regional railway passenger transport service increased by €65 million, mainly due to transport services in Italy, up by €69 million, partly offset by the decrease in traffic operated abroad. In Italy, Trenitalia S.p.A. successfully negotiated the signing of service contracts with the regions in 2019 (the company signed direct 15-year concession agreements in 2019 with the Campania, Marche, Tuscany and Calabria regions and it was awarded the regional railway service for the Turin metropolitan hub for 2019-2028 in a public tender procedure). In addition, this revenue benefited from the positive effects of the increase in passenger-km (+1.8%), improved train punctuality, the higher customer satisfaction rate with the overall travel experience, with a progressive improvement in customer satisfaction;

- revenue from railway freight transport increased by €17 million, mainly following the inclusion of ROM Rail Transport S.r.l. in the consolidation scope (+€14 million);
- the €62 million growth in revenue from road passenger transport services was driven by Busitalia group's excellent performance in terms of turnover, mostly achieved abroad. Specifically, the Dutch company Qbuzz BV contributed a €66 million increase in turnover thanks to the acquisition of new concessions and user catchment basins (contributing approximately €50 million, including €47 million for the local public transport service in the newly served Zuid-Holland province launched on 9 December 2018). However, this segment was affected by the elimination of Busitalia Simet S.p.A. from the consolidation scope on 7 March 2019 (-€12 million);
- revenue from the navigation segment increased by €1 million.

Revenue from infrastructure services increased by €133 million on the previous year, predominantly due to Anas S.p.A. (+€118 million) as a result of the work being carried out on the road network under concession and RFI S.p.A., which increased its fee revenue by €13 million thanks to a rise in traffic volumes (train-km) and changes to the rate system regulated by the transport regulatory authority (ART).

Other revenue from contracts with customers (+€18 million) mainly includes the increase in revenue from the sale of land and buildings held for trading in connection with the divestment plan (+€6 million), actual revenue on the Riyadh metro contract (+€32 million), offset by greater accruals to cover contractual risks with the regions (-€10 million), in addition to lower revenue from rolling stock maintenance (-€13 million).

Other revenue and income decreased by €18 million. In the previous year, this caption included the non-recurring income from the derecognition of unsecured liabilities of €63 million in the deed of arrangement of Ferrovie del Sud Est e Servizi Automobilistici ("FSE") S.r.l.. Partially offsetting this difference, in 2019, the sale of Centostazioni Retail S.p.A. generated a gain of €28 million and revenue from grants increased by €11 million.

Operating costs came to €9,826 million for the year, up €230 million (+€2.4%) on 2018, due to:

- the increase in net personnel expense (+€92 million; +1.9%), mainly due to the growth in the average number of employees to meet the effect of turnover generated in the year;
- the increase in other costs, net (+€138 million; +2.9%), in which, essentially, higher service costs (+€370 million) were offset by lower costs for raw materials, consumables, supplies and goods (-€108 million) and the decrease in use of third-party assets (-€117 million, of which: -€130 million due to the initial application of IFRS 16).

The **gross operating profit** increased by €133 million, or 5.4%, to €2,609 million as a result of the variations in revenue and operating costs described above.

The **operating profit** amounts to €829 million (31 December 2018: €714 million), reflecting an increase of €115 million.

However, amortisation and depreciation of €1,712 million (+9%) increased in the year due to the initial application of IFRS 16 (+€118 million), without which they would have been in line with 2018. This impact was offset by impairment losses and provisions, which both improved. Impairment losses decreased by €65 million on 2018, due to the decrease in those on property, plant and machinery, while provisions showed a positive net balance of €22 million (31 December 2018: -€36 million), mainly due to the releases by group companies on the Bilateral fund for income assistance.

Net financial expense of €176 million worsened by €79 million (-81.4%) on the previous year, mainly due to higher financial expense (€65 million, of which: €20 million due to the initial application of IFRS 16 and €34 million mainly due to the discounting of the amount receivable from Strada dei Parchi following the amendment postponing the repayment of the 2017 and 2018 instalments to 2030), lower profits from equity-accounted investees (€10 million) and greater provisions for interest on disputes with road works suppliers (€11 million).

Income taxes amount to €60 million, up by €2 million, essentially due to the trend in current taxes (+€20 million), deferred taxes (-€29 million) and adjustments related to prior years (+€11 million).

The **loss from assets held for sale** of €9 million refers to the loss for the year of Netinera Werke GmbH, which will be sold in 2020 for strategic reasons in connection with the group's objective of leaving less profitable business segments.

Comments on the change in the 2020 half year data compared to 2019

The **loss** for the period amounts to €419 million, compared to a profit of €362 million for the same period of the previous year, a decrease of more than 200%.

The group's loss for the period reflects the negative impacts of the COVID-19 pandemic, which totalled €796 million and consisted of: the sharp drop in revenue (€1,122 million, considering the positive effects of government grants approved in the meantime), only partly offset by a decrease in costs (€375 million); the increase in amortisation, depreciation, accruals and impairment losses (€29 million); the worsening of net financial expense (€22 million); and lower income taxes (€2 million).

The gross operating profit of €518 million, is down €779 million, or -60.1%. However, adjusted to eliminate the effects of COVID-19, the estimated gross operating profit would have been approximately €1,265 million, in line with the first half of the previous year.

Revenue decreased by €1,224 million (-20.5%) following the €1,256 million drop in revenue from transport services, the €166 million reduction in revenue from infrastructure services and the €11 million decrease in other revenue from contracts with customers. The only improvement was in other revenue and income, up €209 million.

Specifically, the individual components of **revenue from transport services** (-€1,256 million) are detailed as follows:

- revenue from long-haul railway passenger transport services decreased by €668 million – almost entirely due to the decline in the market component – mainly because of the COVID-19 emergency, with the group's main transport operator suffering a 66.4% drop in demand and a 56.3% loss of saleable seats per km. The decrease was also the result of the direct and indirect effects of the railway accident that took place in Lodi in February 2020. Revenue from long-haul railway passenger transport - universal services decreased by €72 million (roughly -60%), entirely because of the COVID-19 emergency. Demand shrunk by 58.1% with a 49% drop in saleable seats per km. The consideration for the universal service contract saw a slight overall increase on the first half of the previous year (+€5.9 million; +4%), in light of article 92.4bis of the Law of 24 April 2020 ("Heal Italy") and the subsequent Law decree no. 34/2020 ("Recovery Decree") converted into Law no. 77/2020, which did not, given the emergency, establish any cuts in the consideration in response to the cuts in the transport service offer, as they were the result of force majeure;
- revenue from regional railway passenger transport services decreased by €450 million, broken down into the €362 million drop in domestic transport services and the €88 million decrease in international services;
- revenue from railway freight transport and revenue from passenger road transport are down by €69 million and €67 million, respectively, mainly because of the lockdown;
- revenue from the waterway navigation segment decreased by €1 million.

Revenue from infrastructure services fell on the same period of the previous year by €166 million. The decrease mainly related to the Anas group companies (-€120 million), as a result of as a result of the loss of volumes during the lockdown, and RFI S.p.A., which saw a €48 million drop in toll revenue following the reduction in volumes, measured as train-km, due to the pandemic.

Other revenue from contracts with customers (-€11 million) reflects the decrease due to the effects of COVID-19 and the drop in revenue from the sale of land and buildings held for trading (-€15 million) because of fewer sales already in the first quarter of 2020, offset by the rise in revenue due to the definitive calculation of revenue on the Riyadh metro contract (+€40 million).

The overall increase in **other revenue and income** totalling €209 million substantially refers to the recognition of greater revenue in the reporting period for government grants of €266 million to support the group's business affected by the pandemic.

Operating costs came to €4,232 million in the half year, down by €445 million (-9.5%) on the same period of 2019, due to:

- the €171 million (-6.9%) decrease in net personnel expense, €34 million of which was related to organisational factors, such as the reduction in the full-time equivalent component and participation in the income assistance fund for extraordinary solidarity benefits and early leaving benefits, combined with the reduction in the group's leaving incentives, lower costs for restaurant vouchers/canteens and health services and the use of ordinary income assistance from INPS (the Italian social security institution);
- the €274 million (-12.5%) decrease in other costs, net, €36 million of which was related to organisational factors. In particular, costs for raw materials, consumables, supplies and goods decreased by a total of €169 million and services by €153 million, which was compensated by smaller capitalisations, down €102 million.

The **gross operating profit** is down by €779 million, or 60.1%, to €518 million as a result of the trends in revenue and operating costs described above.

The **operating loss** amounts to €343 million (€454 million at 30 June 2019), down by €797 million (-175.6%). Lower amortisation and depreciation for the period (-€40 million) reflect the €17 million decrease in the use of infrastructure networks during the lockdown and, to a residual extent, the effects of ordinary asset management. Impairment losses rose by €58 million, and €46 million of this increase was due to impairment losses on Trenitalia c2c Ltd.

Net financial expense of €85 million increased by €10 million (13.3%) on the same period of the previous year. Financial income grew by €18 million, mainly due to greater financial income from derivatives and higher exchange gains, while the share of profits/(losses) of equity-accounted investees fell by €27 million.

Income taxes went from a negative balance of €17 million in the first half of 2019 to a positive balance of €9 million in the first half of 2020, mainly because of the exemption from payment of IRAP under Law decree no. 34/2020 (Recovery Decree) and changes in deferred tax assets and liabilities on new temporary differences and releases by the group companies in the period.

Furthermore, the economic effects of COVID-19 described above do not include the recognition of the grants pursuant to article 214, c.3-6 of the "Recovery Decree" (Law decree no. 34/2020) for the long-haul market and freight businesses, which, according to the most current and conservative estimate, would have offset the negative impact of the pandemic on the Group for a minimum amount of about 350 million. The grants were not recognised in the HY 2020 results, because the formal procedure was not yet completed (on the 22nd of October the implementing decree was formalised – necessary for the confirmation of the parameters and criteria to calculate and allocate the subsidies provided in the reference rules – but it was still awaiting approval by the EU Commission); the formal procedure would establish "reasonable certainty" that the companies concerned and, therefore the Group, will effectively receive the relief, as required by the accounting standards of reference (i.e. IAS 20).

The table below sets out a summary of the grant measures in favour of some Group companies, approved in 2020 by the Italian government in order to financially back-up the transport sector impacted by the COVID-19 pandemic, as a proof of the strategic role of the FS Group for the country's economy. However, as stated also in the paragraph above, the formal procedure for some of these measures is not yet completed as it is still pending the approval by the EU Commission. As of the date of this Base Prospectus, the EU Commission approved part of the measures pursuant to the Recovery Decree (art. 214, c.3-6) as compensation for damages suffered during the period between 8 March and 30 June 2020 (for further details see also the paragraph "*Recent events - EU Commission approves Italian scheme to compensate commercial rail passenger operators for damages suffered due to coronavirus outbreak*" of this Base Prospectus). Therefore, as of the date of this Base Prospectus, it is not possible to have certainty of the actual positive impact of these measures on the Group's financials. See "*Risk Factors— Risks relating to the Issuer's financial position—Risks relating to macroeconomic conditions and sovereign debt crisis.*"

MAIN COVID-19 SUPPORTING MEASURES FOR FS GROUP

Recovery Decree art. 196	€270 million for RFI in 2020 to set-off decrease in revenues from TAC.
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Recovery Decree art. 214, c.1-2	Overall maximum potential amount of €350 million for <u>ANAS</u> in 2021-2034 to set-off decrease in revenues for maintenance.
Recovery Decree art. 214, c.3-6	Overall €1,190 million for railway operators in 2020-2034, to set-off decrease in traffic revenues. FS Group recipient companies for a portion of the above are <u>Trenitalia</u> and <u>Mercitalia Rail</u>
Recovery Decree art. 200, c.1; DL n. 104 08/2020; DL n. 111 09/2020	Overall maximum potential amount of €1,000 million in 2020 for local public transport companies, to set-off decrease in traffic revenues for public service contract. FS Group recipient companies for a portion of the above are <u>Trenitalia</u> , <u>Busitalia</u> and <u>FSE</u>
Budget Law 2021	Overall €150 million for <u>RFI</u> in 2021-2034 to set-off decrease in revenues from TAC

Strategy of the Group

The last industrial plan was presented on 10 May 2019 by the FS Group management, for the period 2019-2023 ("Plan").

The strategy focuses on the people's, travellers' and employees' needs, gathering the legacy of a decade of HS services performance and carrying on the integration of different modes of transport started in the last years.

The aim is to transform collective mobility in Italy, improving significantly the service for people, with a strong leap in the quality and customisation on offer, especially in regional and local transport.

Due to the Covid-19 pandemic, the updating of the Plan as well as the drafting process of a new business plan has been put on hold in order to evaluate the evolution of the crisis and to better estimate the overall impact of the Covid-19 pandemic on the Group's business in the future.

Regulatory Framework

Railway transport laws

The services provided by the Group are subject to European Union and Italian laws.

	European legislation	Italian legislation	Description	Comments
90s	Directive 91/440/EEC	Presidential Decree n. 277/1998	<ul style="list-style-type: none"> Separation between infrastructure manager and railway undertakings Development of EU railways 	<ul style="list-style-type: none"> Administrative reorganization of the FS Italiane Group
	Directive 95/18/EC Directive 95/18/EC	Presidential Decree n. 146/1999	<ul style="list-style-type: none"> Introduction of license for railway undertakings Infrastructure capacity Charges for the use of the infrastructure 	
		Budget Law 2001 (Art. 131)	<ul style="list-style-type: none"> Transition from concession system to authorization system. 	<ul style="list-style-type: none"> Italian market is fully liberalised
		Legislative decree n. 422/1997	<ul style="list-style-type: none"> Regionalisation of public local transport 	
First package (2001)	Directive 2001/12/EC Directive 2001/13/EC Directive 2001/14/EC	Legislative Decree n. 188/2003 Legislative Decree n. 268/2004	<ul style="list-style-type: none"> Infrastructure capacity allocation Regulation of access to the infrastructure License for railway undertakings Access charge calculation Safety certificates 	

	European legislation	Italian legislation	Description	Comments
	Directive 2001/16/EC		<ul style="list-style-type: none"> Interconnection between national railway system and the trans-European one 	
Second package (2004)	Directive 2004/49/EC Directive 2004/50/EC Directive 2004/51/EC Regulation (EC) 881/2004	Legislative Decree n. 162/2007 Legislative Decree n. 163/2007	<ul style="list-style-type: none"> Further integration to ensure consistency among key European rail markets. In particular: Safety Set up of an European Railway Agency Liberalization of the freight rail market from 01/01/2007 	<ul style="list-style-type: none"> The Legislative Decree n. 162/2007 sets the safety rules and conditions for the access to the rail services market, attributing the expertise to a new autonomous institution, the 'Agenzia nazionale per la sicurezza delle ferrovie' The Legislative Decree n. 163/2007 regulates the design, construction, commissioning, restructuring, renovation, operation and maintenance phases of railway systems, as well as with respect to professional qualifications and health and safety conditions of the staff who is deals with the operation and maintenance
Third package (2007)	Directive 2007/58/CE Directive 2007/59/CE Regulation (EC) 1371/2007	Law 99/2009 Legislative Decree n. 15/2010 Legislative Decree n. 191/2010 Legislative Decree n. 247/2010	<ul style="list-style-type: none"> Further integration of rules for capacity allocation and calculation of charges for the use of the infrastructure Introduction of certificates for train drivers Rights and duties of international passengers Liberalization of international passenger traffic from 01/01/2010 	
PSO (2007)	Regulation (EC) 1370/2007		<ul style="list-style-type: none"> Conditions under which competent authorities, when imposing or contracting for public service obligations, compensate public service operators for costs incurred and/or grant exclusive rights in return for the discharge of public service obligations. 	
Salva Italia		Law n. 214/2011 (so called "Salva Italia")	<ul style="list-style-type: none"> Establishment of a new Authority competent for all mode of Transport 	
Recast First package (2012)	Directive n. 2012/34/UE	Legislative Decree n. 112/2015	From the entering into force of the Legislative Decree n. 112/2015 are abrogated the following laws: <ul style="list-style-type: none"> The Legislative Decree n. 188/2013 The Articles 58 and 59 of the Law 99/2009 The Presidential Decree n 146/1999 	
Fourth package (2016)	Directive n. 2016/2370 Regulation 2016/2337 Regulation 2016/2338 Regulation n. 2016/796 Directive n. 2016/797	Legislative Decree n. 139/2018	<ul style="list-style-type: none"> The Legislative Decree n. 139/2018 amends the Legislative Decree n. 112/2015 <p>For more details about the fourth package, see paragraph below</p>	

	European legislation	Italian legislation	Description	Comments
	Directive n. 2016/798			
		Law Decree n. 50/2017	<ul style="list-style-type: none"> • New ART competences • Sources and allocation criteria of the National Fund for the Government's financial contribution to the public local transport of the ordinary Regions. 	
		Law Decree n. 109/2018 (called Decreto Genova)	<ul style="list-style-type: none"> • Establishment of the new National Agency for Railway and Road and Highway Infrastructures Safety from 1 January 2019 (ANSFISA). The ANSF kept competences for the railway safety until 4 December 2020, it has been then abolished. • New competence assigned to the ART on the highways concession fare regulation. 	

The Fourth Railway Package

In 2016, the Fourth EU Railway Package was approved.

The package consists of a market pillar and a technical pillar, which are respectively established in directives and regulations, as specified below:

Market pillar

- EU directive no. 2016/2370 of the European Parliament and Council of 14 December 2016 amending EU directive no. 2012/34/EU as regards to the opening of the market for domestic passenger transport services by rail and the governance of the railway infrastructure. In Italy, the Directive was transposed by the Legislative Decree n. 139/2018;
- EU regulation no. 2016/2337 of the European Parliament and Council of 14 December 2016 repealing the Council's regulation no. 1192/69 on common rules for the normalisation of the accounts of railway undertakings; and
- EU regulation no. 2016/2338 of the European Parliament and Council of 14 December 2016 amending EC regulation no. 1370/2007 which deals with the award of public service contracts for domestic passenger transport services by rail.

Technical pillar

- EU regulation no. 2016/796 of the European Parliament and Council of 11 May 2016, establishing a European Union Agency for Railways and repealing EC regulation no. 881;
- EU directive no. 2016/797 of the European Parliament and Council of 11 May 2016 on the interoperability within the European Union; and

- EU directive no. 2016/798 of the European Parliament and Council of 11 May 2016 on railway safety. Both Directives that are part of the technical pillar must be transposed into national law by 16 June 2019.

In short, the market pillar provides for the opening of domestic passenger transport services to competition throughout the EU by December 2020. Right of access can be limited only to protect economic equilibrium of public service contracts.

Furthermore, it contains rules concerning the infrastructure manager's independence within integrated groups, i.e., those in which there is both an infrastructure manager and railway undertakings.

EU regulation no. 2016/2338 provides calls for tenders as a general rule for awarding public service contracts. However, national authorities can continue to directly award service contracts under certain conditions.

Technical pillar strengthens the powers of the European Union Agency for Railways (EUAR, formerly ERA) concerning the rolling stock authorisation in EU countries and its certification in accordance with safety standards.

Regulatory Overview Transportation

- The relationship between Trenitalia and the Italian central / local administrations is regulated by different public service contracts ("PSCs") in which the required level of services are specified in terms of quantity and quality, tariff obligations, and fees. See also paragraph *Public Service Contracts* below.
- The State and the Regions define the perimeter of the services to be provided on the basis of the mobility and accessibility of user needs. Contracts are subject to specific regulation that defines eligible costs in terms of company operational expenses, depreciations and adequate capital investments returns.
- As the State and the Regions define quantity and quality of rail services included in the contracts, it is their responsibility to decide whether to reduce or increase them according to the terms and conditions defined in the contract.
- PSCs contain appropriate tools and clauses to guarantee payments to railway undertakings by Regions within the stated terms. In case of non-payment or under compensation of the services provided, the railway undertakings have the right to reduce or even to stop the services.
- Rail fares are adjusted annually for (i) inflation; (ii) any variations on contractual quality/performance objectives (e.g. punctuality, cancellations, cleaning); (iii) change in access infrastructure charges; and (iv) changes in regional fare policy.
- According to EC Regulation 1370/2007, competent authorities (the Regions and the State) may decide to directly award PSCs or to launch competitive tenders. Since 1997 only a few Regions have launched tenders for local rail transport. To date, all the PSCs have been awarded to Trenitalia (on its own or as a consortium leader). From 2023, national and local authorities will still be able to directly award service contracts under certain conditions.
- All risks deriving from the performance of the PSCs are borne by Trenitalia; the contracts with the central administration foresee the possibility of revision in case of significant change in the overall scenario, in order to maintain economic equilibrium.

Regulatory Overview Railway Infrastructure

- As foreseen by the RFI Deed of Concession and Legislative Decree n. 112/2015 which implemented the Directive 2012/34/EU, the relationship between RFI and the State is regulated on the basis of an Agreement (*Contratto di Programma*), see also paragraph *Deed of Concession* below.
- The *Contratto di Programma* is the basis for the funding of rail infrastructure development; the funding is primarily based on a medium term investment plan and covers infrastructure development, extraordinary maintenance and ordinary maintenance. Each *Contratto di Programma* lasts for a minimum of five years and may be subject to annual adjustments.

- According to the current regulatory framework, there exists two *Contratti di Programma*:
 - the *Contratto di Programma* – Investment Part: it regulates investments to modernise and further develop rail infrastructure; and
 - the *Contratto di Programma* – Services Part: it regulates ordinary and extraordinary maintenance and other activities (including safety, security and navigation).
- On 9 September 2019, the 2017-2021 *Contratto di Programma* – Investment Part completed the authorization process with the Court of Auditors' registration of the approving MIT/MEF inter-ministerial decree no. 87 of 7 March 2019. On 26 October 2020 has been completed the 2018-2019 updated of the contract.
- The 2016-2021 *Contratto di Programma* – Services Part took full effect on 2 October 2017 following the Court of Auditors' registration of Ministerial decree no. 359 of 12 July 2017 whereby the MIT approved the deed.

Regulatory Overview Road Infrastructure

- As foreseen by the Anas Deed of Concession, the relationship between Anas and the State is regulated on the basis of an Agreement (*Contratto di Programma*), see also paragraph *Deed of Concession* below.
- The *Contratto di Programma* is the basis for the funding of the road and motorway infrastructure development; the funding is primarily based on a medium term investment plan and covers roads and motorways infrastructure development, extraordinary maintenance and ordinary maintenance. Each *Contratto di Programma* lasts for a minimum of three years and may be subject to annual adjustments.
- According to the current regulatory framework, the *Contratto di Programma* provides two type of funding:
 - Compensation Services Part: to fund ordinary maintenance, operation services, security and recurring extraordinary maintenance (paving and guardrail).
 - Compensation Investment Part: to fund investments to modernise and further develop road infrastructure. This compensation covers depreciation costs and the regulatory net invested capital remuneration.
- The 2016-2020 *Contratto di Programma* took full effect on 29 December 2017 following the Court of Auditors' registration of Ministerial decree no. 588 of 27 December 2017 whereby the MIT approved the deed.

The Italian Transport Regulation Authority

The Italian Transport Regulation Authority (Autorità di Regolazione dei Trasporti or "**ART**") became operational in January 2014. Its main objects are to:

5. guarantee equitable and non-discriminatory access to rail, port, airport and highway infrastructures;
6. define minimum quality levels for national and local transport considered to be a public service;
7. regulate access to rail infrastructure;
8. define public tender mechanisms to assign transport services; and
9. cooperate with the public administration in identifying public service obligation routes and support it in identifying the most effective methods to finance them.

The original framework of the functions provided in the law which established the ART has been progressively widened, adding new competencies to the ART:

- Legislative Decree n. 70/2014 assigned to the ART the role of independent entity to supervise the compliance of the regulation for the rail transport passengers' rights;
- Legislative Decree n. 50/2017 assigned to the ART the responsibility to transport Opera define Public Service Contracts content, efficiency targets and financial balance targets which the Public transport Operator has to be compliant.
- Law Decree n. 109/2018 assigned to the ART competences on the highways concessions fare regulation.

The ART's regulatory framework

On 5 November 2014, the ART began to introduce regulatory measures for the fair and non-discriminatory access to rail infrastructure by its decision no. 70/2014 and started the process for the establishment of criteria for determining charges for the use of railway infrastructure, ensuring cost-effectiveness and efficient management.

With respect to adoption of measures for the fair and non-discriminatory access to rail infrastructure for the year 2015, the new authority considers that, in defining the level of toll, the Infrastructure Manager should be oriented to principles of more transparency and economic efficiency, and in particular:

- (f) in line with Legislative Decree n. 112/2015), the financial statements of the Infrastructure Manager must have a balance between the total revenues and the costs related to the management of the infrastructure;
- (g) the eligible financial costs should be evaluated by the Infrastructure Manager having regard to any possible optimisation of the management of the debt, in line with the best market conditions;
- (h) the investments made by the Infrastructure Manager after 31 December 2013 must be adjusted annually, as well as the related credit lines; and
- (i) the incidence of the infrastructure management costs must be reformulated time to time, with immediate implementation, in order to burden less in the period in which the competitive scenario has been deploying and consolidating.

With regard to the eligible costs criteria, the authority requests the Infrastructure Manager to consider eligible, for the computation of the access charge to the HS\HC network, in addition to the infrastructure management costs (appropriately reformulated), only the following annual financial costs, properly optimised in line with the best market conditions:

- (j) the annual financial costs related to the investments already made as of 31 December 2013 incurred by the Infrastructure Manager, as not covered by government grants; and
- (k) the annual cumulative financial costs related to the investments in progress after 31 December 2013, calculated as the costs actually incurred by the Infrastructure Manager net of government grants.

On 18 November 2015, the ART released its decision no. 96/ 2015 on the criteria for determining access charges for the use of national rail infrastructure. The new regulatory framework concerns (i) the minimum access package supplied by the Infrastructure Manager (RFI) to all railway undertakings in a non-discriminatory manner and (ii) other rail services supplied by operators of service facilities. With regard to the charges for the use of rail infrastructure, the decision particularly defines:

- a five year regulatory period;
- perimeter of relevant costs;
- market segmentation based on the main types of service;
- new classification of the network;
- «caps» to the segment average kilometric charge for the purpose of market sustainability and

- requirements for regulatory accounting.

On 1 July 2016, the ART released its *Resolution no 75/2016* validating the 2016-2021 charging scheme for the Minimum Access Package supplied by the Infrastructure Manager (RFI). The charging scheme complies with the criteria for the determination of charges for access and use of the railway infrastructure, as adopted by Decision n. 96/2015 and later amendments.

With respect to local and regional public transport, ART has also defined, by means of a series of resolutions, the regulatory framework for the preparation of the award of service contracts procedures.

With *Resolution no. 48/2017*, the ART defined the methodology for determining the public service areas and the most efficient methods of financing. Through this methodology, the ART has provided local authorities with the criteria for identifying the optimal lots for the award of local and regional public transport services.

With *Resolution no. 16/2018*, the ART established the minimum quality conditions (“MQC”) for railway transport services, both national and regional, characterised by public service obligations (“PSO”). The MQC provide for obligations and minimum performances to be provided to passengers to satisfy mobility needs, ensuring the efficient use of public resources allocated to PSO compensation.

The MQC are composed of a series of quality parameters to be included in the service contracts, with a system for monitoring and verifying the quality of services (availability of transport services and adequacy to the demand, regularity and punctuality of the service, information to users, transparency, commercial accessibility, cleanliness and comfort and accessibility, with particular reference to people with reduced mobility; safety of the ride and of the traveller).

With *Resolution no. 106/2018*, the ART has established the minimum content of specific rights that users of rail transport services with public service obligations may require from managers of railway services and infrastructure, thus implementing the regulation on passenger rights.

In particular, the ART specified the procedures for the exercise of railway transport passengers' rights under EC Regulation no. 1371/2007 with regard to: the right to information and related procedures of provision, the right to accessibility and usability of services and stations, the right to compensation for delays, procedures for requesting and providing reimbursement and compensation.

With *Resolution no. 120/2018*, the ART has established methodologies and criteria for improving the efficiency of the management of regional public railway transport services. On the basis of such regulatory measures, the ART provides local authorities with parameters for improving the efficiency of new service contracts relating to regional railway passenger transport.

The regulation proposed by ART provides that the economic-financial plan of each service contract must be drawn up on the basis of the so-called "efficient operating cost".

With *Resolution no. 154/2019*, the ART defined new measures for the drafting of tenders and agreements for the awarding of local public transport services by road and rail, repealing the previous resolution no. 49/2015. In particular, the following were introduced: disclosure obligations; regulation on the making available of databases and capital goods acquired through public resources; regulatory accounting and accounting separation obligations for the road sector and specific efficiency / effectiveness objectives, similarly to what is already envisaged for the railway sector; fares update. It is also envisaged that the public authorities adopt a risk matrix and a simulated Economic-Financial Plan (PEF), identifying specific objectives of effectiveness and efficiency. For the purposes of preparing the simulated PEF, the awarding company is expected to receive a reasonable profit margin corresponding to the rate of return on net invested capital (CIN) defined by the ART and periodically updated.

With *Resolution no. 156/2020*, the ART approved the methodology to verify whether the economic equilibrium of a public railway service contract is compromised by the activation of a new passenger railway service on the market. If, on the basis of the criteria and procedures defined in resolution 156, the economic equilibrium of a service contract is threaten, the ART will refuse access to the company offering the new service or will allow it, indicating specific changes to the service itself.

Relationship with the Italian State

The Italian State is the 100% shareholder of FS via the MEF. The State also acts as a client to FS via the MIT and Regions.

As sole shareholder, the Italian State:

- (iii) appoints the Board of Directors;
- (iv) oversees FS' strategy via its board representation; and
- (v) services a part of FS debt (related to RFI) directly through guaranteed State transfers as detailed in the debt structure section below.

As a client, the State (i) executes PSCs which set out scheduling, quality level and pricing of the services and fees to be paid to Trenitalia, and (ii) executes the *Contratti di Programma* with both RFI and Anas which sets out the funds for infrastructure investment and maintenance.

FS' legal status was formally changed on 12 August 1992 from that of a government body to a public limited joint stock company. However, in accordance with public law obligations and being an entity which, although formally a corporation under private law, is owned by the State and/or is benefiting from public money, the *Corte dei Conti* (Italy's Court of Auditors) controls FS. A *Magistrato Delegato*, appointed by the Court of Auditors, attends the meetings of FS' corporate bodies. FS is also required to abide by public procurement laws; indeed FS and other companies belonging to it are to be considered public undertakings under Article 2(b) of Directive 2014/25/UE (coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors). The EU legislative provision applicable to FS was transposed into Legislative Decree n. 50/2016 (*Nuovo codice dei contratti pubblici di lavori, servizi e forniture*).

According to its Articles of Association and pursuant to Article 2364 of the Italian Civil Code, the General Assembly (*Assemblea*) of FS, composed by the sole shareholder, MEF, resolves, in particular, on: (i) the appointment and revocation of members of the Board of Directors (*Consiglio di Amministrazione*) and the Board of Statutory Auditors (*Collegio Sindacale*) as well as their remuneration; (ii) the responsibility of the Board of Directors members and the Statutory Auditors; and (iii) the approval of the annual financial statements.

Debt Structure

FS's gross financial debt ("**Total Debt**") amounts to Euro 11,306 million at YE 2019 vs Euro 11,404 million at YE 2018, while at HY 2020 amounts to Euro 11,273 million.

The majority of the Group's debt is held by FS, RFI, Trenitalia and Anas (95.5% of Total Debt at 31 December 2019 and 96.9% at 30 June 2020).

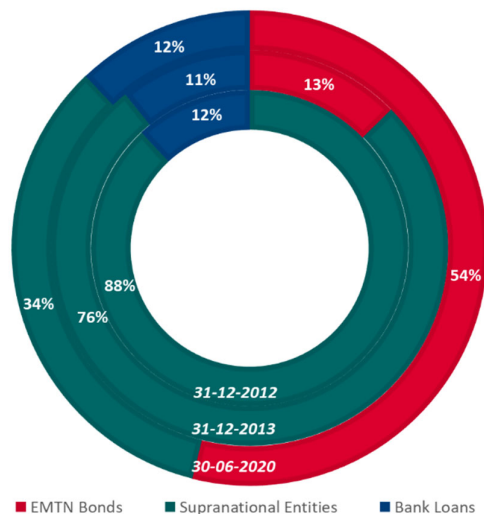
The Group has a balanced debt maturity profile extending out over the coming 14 years.

Part of FS' debt is funded directly through guaranteed State transfers (Euro 670 million out of a total debt of Euro 11.3 billion as of 30 June 2020).

As of 30 June 2020, an amount of Euro 1.49 billion of private placement bonds is fully underwritten by Eurofima, a European infrastructure supranational entity rated Aa2 by Moody's and AA+ by Standard & Poor's.

FS has significantly increased the use of senior unsecured bonds for its funding needs since the establishment of this EMTN Programme, which as of 30 June 2020 account for 54% of FS Group's long term financial sources. Supranational entities such as EIB, Cdp, Eurofima, still act as important Group's lenders whereas bank lending accounts for 12%. These percentages are calculated on the long term debt held by FS, RFI and Trenitalia which amounts to around Euro 9.4 billion.

The pie-chart below shows the breakdown of financial sources in 2012, 2013 and 2020 (*source: graphs figures from FS Group annual reports*).



In addition, FS has a Euro 2 billion committed revolving credit facility underwritten by a pool of 11 banks, maturing in July 2021, whose renewal process, as of the date of this Base Prospectus, is undergoing. Besides, FS has additional uncommitted credit lines granted by several primary domestic and international banks.

The split of debt by the Group's main companies at 31 December 2019 can be summarised as follows:

	<u>Total Debt</u>	<u>External Debt</u> (in millions of Euro)	<u>Parent company debt</u>
FS	8,565	8,565	N/A
RFI	4,237	1,286	2,951
Trenitalia	5,718	450	5,268
Anas	500	500	
Other Group companies	2,094	505	1,589
Total Long Term Debt and Short Term Financing	N/A	11,306	9,808

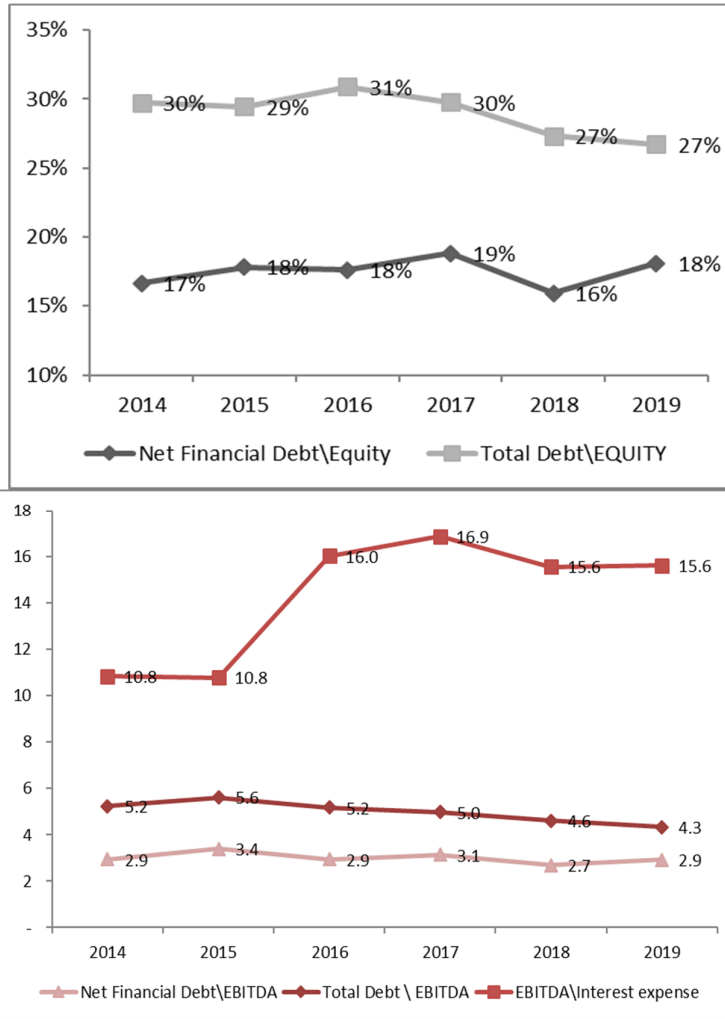
The split of debt by the Group's main companies at 30 June 2020 can be summarised as follows:

	<u>Total Debt</u>	<u>External Debt</u> (in millions of Euro)	<u>Parent company debt</u>
FS	8,747	8,747	N/A
RFI	3,177	1,173	2,004
Trenitalia	6,667	388	6,279
Anas	613	613	
Other Group companies	2,089	352	1,737

Given improvement in profitability and conservative debt management, Total Debt / EBITDA has been keeping stable around 5x, improving up to 4.3x in 2019.

Historically low borrowing costs and prudent management of finance costs, including interest rate risk management policies, has resulted in EBITDA interest cover remaining above 9x since 2013.

FS Italiana maintains a strong equity cushion and capital base which offsets its debt leverage (*source: graphs figures from FS Group annual reports*):



Historically low borrowing costs and an effective management of finance costs, including interest rate risk management policies, has resulted in a containment of interest expense on debt generating value for the Group.

Deed of Concession

FS' infrastructure, both railway and road, as well as national rail passenger activities are subject to public service obligations and are agreed by contract with the State through the RFI Deed of Concession and Anas Deed of Concession.

RFI acts as the national railway infrastructure manager, as set forth in the RFI Deed of Concession with the MIT, under which RFI's role consists of developing, strengthening and maintaining the Italian rail network and controlling traffic and handling relations with train operators over safety standards and access to the tracks. The relationship between RFI and the State is governed by the *Contratti di Programma*.

Anas acts as the national road infrastructure manager, as set forth in the Anas Deed of Concession with the MIT, under which Anas's role consists of managing, developing, strengthening and maintaining the Italian road and motorway network, controlling the management of motorway granted to third concessionaires, supervising construction works on third concessions. The relationship between Anas and the State is governed by the *Contratto di Programma*.

Public Service Contracts

The relationship between Trenitalia and the Italian central/local administrations are regulated by different PSCs in which the required level of services are specified in terms of quantity and quality, tariff obligations, and fees. The State and the Regions define the perimeter of the services to be provided on the basis of mobility and accessibility needs. Such contracts are subject to specific regulation that defines eligible costs in terms of company operational expenses, depreciations and adequate capital investments returns. As the State and Regions define quantity and quality of rail services included in the contracts, it is left to their discretion to decide to reduce or increase the rail services according to the terms and conditions defined in the contract. PSCs contain appropriate tools and clauses to guarantee payments to railway undertakings by Regions within the stated terms. Rail fares are adjusted annually for (1) inflation; (2) any variations on contractual quality/performance objectives (e.g. punctuality, cancellations, cleaning); (3) change in access infrastructure charges; and (4) changes in regional fare policy.

Trenitalia primarily self-finances its own rolling stock. A put clause in favour of Trenitalia provides that the rolling stock accounted for by Trenitalia during the life of the contract according to the contractual terms have to be purchased by the Region should the services be assigned to another company.

According to EC Regulation n. 2016/2338, competitive tendering is the main rule for awarding public service contracts, but member states' competent authorities (Regions and Central Government) are allowed to opt for direct awarding of PSCs. Since 1997 only a few Regions have launched tenders for local rail transport. To date, all the PSCs have been awarded to Trenitalia (on its own or as a consortium leader). From 2023, national and local authorities will still be able to directly award service contracts under certain conditions.

National Public Service Contracts

The MIT produces an investigation on medium/long distance passenger transport market conditions in order to ensure the equilibrium between costs and revenues of the rail service is maintained. The Interministerial Committee for Economic Planning ("CIPE") identifies the rail passenger services perimeter to be included in the National PSC. The MIT and MEF, within the limits of available financial resources, negotiate with the railway undertaking with respect to the annual services timetable, with the aim of guaranteeing the achievement of an economic equilibrium during the validity period of the contract. This analysis is based on a multi-year business plan ("PEF") that defines a specific regulatory accounting for eligible costs covered by State compensation, which includes the cost of capital.

The contract concerns medium/long distance public transport services, and it is regulated by Law 166/2002 in accordance with the EU legal framework. Since 1st January 2017 the new 2017-2026 National PSC for passenger services, signed between the competent authorities (MIT and MEF) and Trenitalia, is in force.

Regional Public Service Contracts

Regions are responsible for Regional PSCs in which scheduling, pricing and planning of the services are set. A Service Catalogue approach has been adopted by Trenitalia containing prices of each offered train category and type of service set on the basis of the costs incurred in providing them including a fair return on capital included. Trenitalia renewed almost all of the contracts for 8 years and is negotiating with most of the Regions to replace them with new contracts of 15 years, six of them already signed. Reviews of tariffs and fee structure within a PSC normally occur after the contract expires.

PSCs current status may be summarised as follows:

Emilia Romagna	Signed with Trenitalia for the period 2016-2018. For the period 2019-2041 the PSC has been assigned to Trenitalia and Trasporto Passeggeri Emilia Romagna S.p.A by public tender.
Lazio	Signed for the period 2018 - 2032
Veneto	Signed for the period 2018 - 2032
Liguria	Signed for the period 2018 - 2032
Umbria	Signed for the period 2018 - 2032
Puglia	Signed for the period 2018 - 2032
Sardinia	Signed for the period 2017-2025
Sicily	Signed for the period 2017-2026
Trento	Signed for the period 2016-2024
Bolzano	Signed for the period 2016-2024
Tuscany	Signed for the period 2019 – 2034
Abruzzo	Signed for the period 2015-2023
Marche	Signed for the period 2019 – 2033
Campania	Signed for the period 2019 – 2033
Molise	Signed for the period 2015-2023
Basilicata	Signed for the period 2015-2023
Calabria	Signed for the period 2018 - 2032
Friuli Venezia Giulia	Signed for the period 2018-2019 extended up to June 2021
Valle d'Aosta	Signed for the period 2020-2025(+5 years) after a tender process.
Piedmont	Signed for the period 2021-2035 for the metropolitan area of Turin after a tender process. The rest of the regional service under PSC is expected to be directly assigned to Trenitalia for a 10+5 period, in the meanwhile extended up to June 2021.
Lombardy	Signed for the period 2015-2020 (operated by Trenord)

Judicial Investigations and Proceedings (Arbitration, Antitrust Proceedings and Proceedings before the Public Contracts Supervisory Authority; Administrative Litigation)

In relation to the most significant judicial investigations and proceedings initiated by some public prosecutors' offices against former representatives of the Group companies, to date no events have been reported which the Issuer believes could lead to either Group companies themselves or the Group being exposed to material liabilities or losses, nor is the Group aware, at present, of events that could considerably affect their economic, financial and

equity position. Furthermore, in cases where circumstances existed, the Issuer appeared as an aggrieved party to recover damages.

In 2020, following the criminal proceedings initiated by the public prosecutors against former or current Group company representatives, there were no definitive rulings against senior management (company officers or general managers) for any of the following:

- particularly serious negligent criminal acts entailing significant damage to the concerned Group company or that gave rise to the application of restrictive measures;
- negligent criminal acts covered by Legislative decree no. 231/2001; and
- additional negligent criminal acts covered by Law no. 190/2012.

To meet disclosure requirements, the paragraph below includes information on criminal proceedings and contingent assets and liabilities arising from the most significant civil, administrative and arbitration proceedings and proceedings before the Italian and EU authorities.

Litigation pursuant to Legislative decree no. 231/2001

- Hearings are underway in criminal proceedings no. 2554/2013 in the general register of crimes at the Foggia Court against RFI S.p.A. pursuant to Legislative decree no. 231/01 concerning the fatal workplace accident on 5 March 2010 at Cerignola, in which an employee of Fersalento S.r.l. died.
- With respect to criminal proceedings no. 6305/09 in the general register of crimes pending before the public prosecutors' office at the Lucca Court, following the railway accident in Viareggio on 29 June 2009, further to the appeals to the Supreme Court against the judgment issued by the Court of Appeal of Florence, brought by the defences of the convicted individuals and entities and by the public prosecutor and civil parties, on 2 December 2020 the trial before the IV Criminal Section of the Supreme Court started and it ended on 8 January 2021 with the reading of the ruling adopted by the Supreme Court. According to the ruling, the Supreme Court – in acceptance of the defence's claims - excluded the existence of the aggravating circumstance of the violation of the regulations for the prevention of accidents at work pursuant to article 589, paragraph 2, of the Italian criminal code. Consequently (i) all the companies convicted in the second instance with respect to the administrative offence pursuant to article 25-septies of the Legislative decree no. 231/2001, including RFI and Trenitalia (as well as Mercitalia Rail, as the beneficiary of the spin-off of Trenitalia's Cargo branch) were definitively acquitted of the charge because "the fact does not exist" (the acquittals already ordered in the first and second instance in favour of FS and FS Logistica, as at the date hereof Mercitalia Logistics, in the absence of an appeal brought by the general public prosecutor, had already become definitive); and (ii) the provisions of the judgement of the appeal relating to the crime of manslaughter (article 589 of the Italian criminal code), which was declared extinct due to the lapse of the statute of limitations, were annulled without reference. With regard to the charges for the other alleged crime, (i.e. involuntary rail disaster pursuant to articles 430 and 449 of the Italian criminal code) the Supreme Court confirmed the criminal liability declared by the Court of Appeal against the CEO pro tempore of Trenitalia and the CEO of Cargo Chemical, then the Head of the Chemical Industry and Environment Business Unit of FS Logistica, as well as against the defendants of the GATX Group (except for one, referred to appeal for a new trial) and Cima Riparazioni. The Supreme Court also annulled the contested conviction in relation to the position of the Director pro tempore of Trenitalia's Cargo Division, the former CEO of RFI and the former CEO of FS (previously CEO of RFI), as well as an official of RFI and an official of Trenitalia, and referred the case to another section of the Court of Appeal of Florence for a new trial. The appeal brought by the general public prosecutor against the acquittal of 5 RFI officials was also rejected, which therefore became definitive. The Supreme Court also annulled the rulings issued by the judges on the merits in favour of various civil parties, the majority of which were associations and trade unions, while for two other parties it returned/referred the case to the appeal stage. As at the date hereof, the filing of the grounds is now awaited.
- In the criminal proceedings No. 1430/2014 in the general register of crimes with the public prosecutors' office at the Gela Court, RFI has been charged with administrative liability pursuant to article 25-septies of Legislative decree no. 231/2001 in connection with the accident resulting in the death of 3 maintenance

employees of RFI occurred on 17 July 2014 between the stations of Falconara and Butera. As at the date hereof, the trial is on-going.

- Criminal proceedings No. 3566/2015 in the general register of crimes with the public prosecutors' office at the Rimini Court are pending in relation to the accident that occurred on 5 March 2015 in which an employee of A.T.S. Costruzioni was injured while working at OMC Locomotive in Rimini. Trenitalia has been charged with the administrative crimes covered by articles 5 and 25-septies, paragraph 3 of Legislative decree no. 231/2001, as the negligence that led to the injuries was allegedly committed in violation of anti-accident and health protection in the workplace legislation. As at the date hereof, the trial is on-going.
- Criminal proceedings No. 20765/2014 in the general register of crimes are pending before the Florence Court in reference to the operating accident that occurred on 12 January 2014 during rolling stock shunting operations. One employee working as a signaller at the watchtower at the entrance to where train carriages are kept lost his life in the accident. The preliminary hearing is being held against two managers and two employees of Trenitalia (charged with negligent manslaughter for violations of anti-accident legislation, and Trenitalia is also charged with administrative liability following a crime covered by article 25-septies of Legislative decree no. 231/2001. As at the date hereof, the trial is on-going.
- Criminal proceedings No. 1525/08 in the general register of crimes (the "Truck Center" case) relate to multiple negligent manslaughter for an accident occurred on 3 March 2008 to five workers of the subcontractor company Truck Center, in which the defendants, being, among others, the former CEO and a former official of FS Logistica – BU Cargo Chemical S.p.A. (commissioning company) as of the date hereof Mercitalia Logistic S.p.A. (previously known as FS Logistica S.p.A.) and the company itself, have been charged with both third party liability and administrative liability following a crime covered by article 25-septies of Legislative decree no. 231/2001 Reversing the first-level ruling, with the ruling dated 19 July 2017, the Bari Court of Appeal has acquitted the representative of the then FS Logistica, which became Mercitalia Logistics S.p.A., and the company itself. As a result of this ruling, the €1.4 million administrative sanction issued by the first instance court against Mercitalia Logistics S.p.A. has been revoked. The decision of the court of appeal has been challenged by the public prosecutor before the Supreme Court. At the hearing of 8 February 2019, the Supreme Court nullified the acquittal, referring the case to a different section of the Court of Appeal of Bari. The grounds of the judgement were published on 25 March 2019. In the new appeal proceedings, the executives referring to FS Logistica S.p.A. requested the application of the penalty on request. Having assessed, on the advice of the external defence counsel and considering the procedural context, also with the view of benefiting from a reduction of the sanction, Mercitalia Logistics also decided to seek a plea bargaining agreement, such decision having been submitted to the company's board of directors and approved by it. The proposal of reduction of the administrative penalty from Euro 1.4 million to Euro 900,000 was accepted by the public prosecutor. At the hearing of 21 December 2020, the Court of Appeal of Bari read out the ruling whereby, with regard to the positions connected to Mercitalia Logistics, upon acceptance of the plea bargaining, the Court (i) convicted the pro-tempore CEO and the manager of the former FS Logistica - BU Cargo Chemical S.p.A. who have been sentenced to imprisonment for, respectively, one year and six months' and two years', granting the general extenuating circumstances and the benefit of the conditional suspension of the sentence and revoking the accessory penalty of temporary disqualification from public office for five years; (ii) reduced the administrative fine for administrative offence pursuant to art. 25-septies of Legislative decree no. 231/2001 imposed on Mercitalia Logistics to Euro 900,000, also revoking the civil penalties adopted against it as civilly liable. The Court also accepted the other plea bargaining agreement put forward by positions outside the FS Group and confirmed the sentences handed down in first instance against the contractor and the liquid sulphur purchasing company, pursuant to Legislative decree no. 231/2001. The Court set a period of ninety days for the filing of grounds.
- In the criminal proceedings no. 6769/2015 in the general register of crimes with the public prosecutors' office pending before the Perugia Court, on 11 June 2018, the judge of preliminary hearing issued the notice sending all the defendants, including Busitalia Sita Nord S.r.l., to trial. The judge of the preliminary hearing also requalified the alleged crime pursuant to article 640 bis of the criminal code retaining the fact less serious than aggravated fraud against the State (pursuant to article 640, paragraph 2, no. 1 of the criminal code) which was originally alleged. As at the date hereof, the hearing is on-going.

Criminal proceedings no. 18773/2009 in the general register of crimes with the public prosecutors' office pending before the Bari Court involve Ferrovie del Sud Est e Servizi Automobilistici S.r.l. for alleged

administrative liability pursuant to Legislative decree no. 231/2001 in connection with the claim of fraud – originally charged with the aggravating circumstance of transnationality, later excluded by the judge – (alleged to have occurred through the purchase in Poland of rolling stock at a price higher than its market value) and against the former sole director of the company. The proceedings is referred to events occurred prior to the transfer of FSE participation into FS Group and thus its management. Following the committal to trial of the natural persons involved and the company, the trial is on-going.

- Criminal proceedings no. 3651/18 in the general register of crimes with the public prosecutors' office pending before the Milan Court: on 25 January 2018, in Seggiano di Pioltello (near Milan), a railway accident occurred to the regional train no. 10452 managed by Trenord S.r.l., operating in the railway line between Cremona and Milan – Porta Garibaldi, resulting in the death of 3 passengers and injuries to other passenger. The Milan public prosecutor opened criminal proceeding involving as persons under investigation certain officers and employees of RFI: the chief executive director, the head of the Direzione Produzione, the head of the Direzione Territoriale Produzione (DTP) of Milan, the head of Unità Territoriale Linee Sud – DTP Milano, the head of the Unità Manutentiva (UM) Lavori Brescia and the Specialista Cantieri Armamento within the above mentioned Unità Manutentiva. In addition, the chief executive officer and the operations officer of Trenord S.r.l. are under investigation. The companies RFI and Trenord S.r.l. are drawn in the proceedings for administrative liability pursuant to Legislative decree no. 231/2001. The public prosecutor claims against the natural persons are related to the crimes under articles 430 and 449, paragraphs 1 and 2 of the criminal code (unintentional railway disaster), articles 589, paragraphs 2 and 3 and 590, paragraphs 2, 3 and 4 of the criminal code (unintentional manslaughter and unintentional injuring with violation of the rules on the prevention of work-related injuries) and article 71 of Legislative Decree 81/08 (violation of the duties of the employer). As to the companies, the public prosecutor claim their administrative liability under article 25-*septies*, paragraphs 2 and 3 of Legislative decree no. 231/2001 in relation to sanctions, in case of unintentional manslaughter and serious injuries, due to violation of the rules on the prevention of work-related injuries. RFI has appointed its attorney and a technical adviser. In relation to the any liability that may arise, the Group has already triggered its insurance policies. On 29 October 2019, the Milan public prosecutor's office served notice of completion of the preliminary investigations, against 11 natural persons (9 belonging to RFI and 2 to the ANSF) who are charged with the crimes of culpable railway disaster, culpable homicide, culpable personal injury and, for some, other cases, and against RFI, for the offence referred to in article 25 *septies* of Legislative decree 231/2001; no charges against Trenord appear from the completion of the investigations. Following the request to take the case to trial made by the public prosecutor, the preliminary hearing is on-going in which, upon request of certain civil parties, RFI was summoned as civilly liable.
- Criminal proceedings No. 6224/2016 RGNR, which is pending before the public prosecutor's office of Parma, concerns a tender for the provision of Local Public Transport (LPT) services by road (*servizi di TPL su gomma*) in the Parma area, in connection with which the Chief Executive Officer *pro tempore* and a manager of Busitalia Sita Nord S.r.l. and other parties external to the FS Group are being charged, *inter alia*, with the crimes of disrupting the freedom of public tenders and bribery between private parties. On 28 August 2019, the company was served notice of the conclusions of the preliminary investigations pursuant to article 415 bis of the Italian criminal code, in which Busitalia Sita Nord Srl was formally charged pursuant to Legislative Decree No. 231/2001 with the administrative offence (article 25 *ter*, paragraph 1, letter S *bis*) connected with the crime of bribery between private individuals. On 22 December 2020, the judge for preliminary hearing of the Court of Parma issued the decree ordering the trial against the company in relation to the abovementioned administrative offence and in its capacity as civilly liable in relation to the conduct ascribed to the Managing Director and to the Head of the Strategic Planning and Market Development Structure of the company.
- Criminal proceedings No 1265/2018 RGNR is pending before the public prosecutor's office of Arezzo in connection with the alleged illegal disposal of hazardous special waste containing asbestos. The event originated from the collapse of a slope on the SS. n. 3 *bis* "Tiberina", route E45 (Orte - Ravenna), following which Anas S.p.A. entrusted a company with the disposal of the produced waste. On 18 April 2019, the notice of completion of the preliminary investigations was filed. Anas S.p.A., accused pursuant to Legislative decree no. 231/2001, articles 5 and 25 *undecies*, on 22 May 2019, through the appointed lawyer, filed a defence brief requesting the filing of its position, given the adoption by the company of all the appropriate control measures to prevent "organization negligence". Consequently, the public prosecutor has requested the filing of the Anas' position. Thereafter, in acceptance of the public

prosecutor's request, on 31 December 2020 the judge for preliminary investigations ordered the charges against Anas to be dismissed.

- Criminal proceedings No. 3518/2009 RGNR was initiated by the public prosecutor's office of the Court of Salerno following the fatal accident occurred on 18 March 2009 in which an employee of Contursi Scarl, a consortium company set up by the subcontractor ATI Tirrena Scavi S.p.a. - Società Internazionale Galleria S.r.l. (awarded to Pizzarotti & C. S.p.A.), died during the construction of the S. Angelo Tunnel along the Salerno/Reggio Calabria. The alleged crime is manslaughter, article 589 of the criminal code. In total, 8 natural persons are charged: 4, as representatives of the Consortium Company and of the successful bidder, and the same number as for employees of Anas S.p.A., charged in turn pursuant to articles 5 and 25-septies of Legislative decree no. 231/2001 and subsequent amendments and integrations. The public prosecutor's office also included Anas S.p.A. among the companies accused on the grounds that its employees were accused of violating the obligations of safety and supervision over persons delegated for ensuring worksite safety. According to the prosecution reconstruction, in fact, these omissions would have contributed to determine the event. As at the date hereof, the proceedings is on-going.
- Criminal proceedings no. 3556/2019 RGNR is pending before the public prosecutor's office of the Court of Brindisi. On 23 January 2020, Italferr S.p.A. was notified "Information of guarantee for administrative offence dependent on crime (*Informazione di garanzia per illecito amministrativo dipendente da reato*)" in relation to the death accident occurred between 9 and 10 July 2019 in Brindisi, during the performance of some work by the subcontractor HI. TEC Italia S.r.l., employer of the victim of such accident, as part of a contract awarded to RFI S.p.A.. HI.TEC Italia S.r.l. and Italferr S.p.A. (which carried out, on behalf of RFI, among the others, the services of works management, works supervisor and safety coordinator during the execution phase) are charged with the administrative offence pursuant to article 25-septies paragraph 2 of Legislative decree no. 231/2001. The notice of the request for an extension of the deadline for preliminary investigations shows that the criminal proceedings are pending, for the crime of negligent manslaughter, against eight individuals, including four representatives of Italferr S.p.A.. On 21 September 2020, the public prosecutor filed an indictment against the coordinator for the work execution of Italferr S.p.A. as well as against two representatives of the subcontractor with the role of employer and supervisor of the victim. The preliminary hearing is on-going for the above-mentioned positions. With regard to executives and managers of both Italferr S.p.A. and the company itself, in relation to liability pursuant to Legislative Decree no. 231/2001, the public prosecutor submitted a request to the judge for preliminary investigations to dismiss the case, which was opposed by the plaintiff. Following such opposition, an hearing of chamber shall be upheld in order for the judge for preliminary investigations to decide on the dismissal. As at the date hereof, the date of such hearing is yet to be scheduled.
- Criminal proceedings no. 524/2020 RGNR, which is pending before the public prosecutor's office of Lodi, following the diversion of the AV 9595 train in Livraga on 6 February 2020. RFI is under investigation for the administrative offence pursuant to art. 25-septies of Legislative decree no. 231/2001, together with the CEO pro tempore and nine amongst employees and managers against whom the investigations are being carried out for the offences of negligent manslaughter and injuries and negligent railway disaster. From the acts known to the date hereof, the CEO of Alstom and some of its employees would be under investigation. The proceedings are in the preliminary investigation phase. On 15 October 2020, the parties were notified of the request to extend the term of the preliminary investigation phase for additional six months. The investigations will therefore presumably be concluded by May 2021.

Other significant criminal court proceedings

- Criminal proceedings no. 503034/2012 in the general register of crimes previously with the public prosecutors' office at the Rossano Court and subsequently transferred to the Castrovillari public prosecutors' office relate to a fatal accident in which a train hit a car with six people inside it at the private railroad crossing on the Rossano C. - Mirto Crosia section. The public prosecutor has request to send to trial RFI managers and employees (some of whom are pensioners) and non-FS Group parties charged with unintentional manslaughter and unintentional railway disaster. Since FS S.p.A. was wrongly summoned as civil liable party at the preliminary hearing stage of the proceeding, RFI S.p.A. joined the proceeding as civil liable party in place of FS S.p.A.. As at the date hereof, the trial is pending at the preliminary hearing.

- Criminal proceedings no. 6662/2017 RGNR and no. 23758/2019 RG pending before the Court of Napoli were brought following the fatal accident to an employee of Trenitalia at IMC ETR in Napoli. Certain managers and employees of the company were charged with the crime of manslaughter committed in violation of the rules concerning the prevention of accidents at work. As at the date hereof, the proceedings is on-going.
- Criminal proceedings no. 2615/2018 in the general register of crimes with the public prosecutors' office at the Ivrea Court relate to a railway accident occurred on 23 May 2018 on the Chivasso/Ivrea line when regional train no. 10027 hit a lorry that had driven through the level crossing barriers, and got stuck on the tracks. The train driver and the driver of the escort service died and many other people were injured. The public prosecutor served notice of the conclusion of preliminary investigations on six suspects: the legal representative of the firm responsible for transport; the legal representative of the company holding the authorisation to carry out exceptional transport; the legal representative of the company in charge of the technical escort; the head of the technical escort; two drivers. Proceedings are being brought for culpable disaster, manslaughter and culpable lesions, as well as for violation of workplace health and safety regulations pursuant to Legislative Decree no. 81/2008 regarding failure to adopt a risk assessment document and failure to provide workers with correct information regarding the specific risks involved in the activity. Trenitalia is an injured party.
- Criminal proceedings no. 4153/2016 in the general register of crimes at the Bari Court were commenced by the public prosecutors' office against FSE S.r.l.'s former sole director and other persons. The allegations relate to several instances of document, corporate company and fraudulent bankruptcy which put the company in distress and resulted in the need for FSE S.r.l. to access the procedure for a composition with creditors. FSE S.r.l. and FS S.p.A. are also claimants and joined the proceedings. The hearing is currently on-going.
- Criminal proceedings no. 8790/2016 in the general register of crimes with the public prosecutor's office at the Court of Lecce are pending at the preliminary hearing phase before the judge of the preliminary hearings of the Court of Lecce, with charges of unintentional road homicide, pursuant to article 589-*bis* of the criminal code, and unintentional road personal injuries, pursuant to article 590-*bis* of the criminal code, lodged against an employee of Ferrovie del Sud Est e Servizi Automobilistici S.r.l. for the accident occurred on 1 August 2016 while he was driving the company bus. In connection with such accident in which one man died and a second person was injured, FS has been sued for third party liability along with the insurance company. On 5 June 2019 the judge acquitted the defendant and consequently excluded all liabilities of FSE S.r.l. because the fact does not constitute a crime. The defence of the plaintiff has filed an appeal and the next hearing has been scheduled for 7 March 2022.
- Criminal proceedings no. 6310/2017 in the general register of crimes with public prosecutor's office at the Court of Lecce are pending at the preliminary investigations phase relate to an accident occurred on 13 June 2017 between two trains of Ferrovie del Sud Est e Servizi Automobilistici S.r.l. at the exit of Galugnano, within the Municipality of San Donato di Lecce, on the stretch of line between the main city of the Salento area and Otranto. The notice of conclusion of preliminary investigations was served to two FSE S.r.l. managers on 11 December 2018. According to the notice, two managers and two company employees are accused of negligence causing a train crash, causing damage to people (approximately 20 injured people, including passengers and FSE S.r.l. personnel) and property (collided trains). Following the request for indictment submitted by the public prosecutors' office of Lecce, a preliminary hearing was scheduled, at which a plea bargaining request and a request for an abbreviated trial were made. Finally, the judge of the preliminary hearing indicted two executives of FSE S.r.l. for trial before the Collegial Court of Lecce. Following the conclusion investigatory phase, the proceedings were adjourned for the final discussion.
- Criminal proceedings no. 5926/2015 RGNR DDA was initiated by the public prosecutor's office of Reggio Calabria in relation to two tenders, the first awarded to Anas S.p.A. for "extraordinary maintenance work on Via Casa Savoia di Gallico overpass (lavori di manutenzione straordinaria del sovrappasso di Via Casa Savoia di Gallico) (formerly S.S. no. 184 Gamberie) at km 438+000 of the ASR", and the second awarded to RFI S.p.A. for "construction work on the Pentimele stop of the surface metro" (*i lavori di realizzazione della fermata di Pentimele della Metropolitana di superficie*). Some of the companies which carried out the works (external to the FS Group) and also six employees of Anas S.p.A. were involved, and are being charged with offences of criminal association, including mafia-type criminal association (articles 416 and 416-bis of the Italian criminal code), improper bribery, judicial

corruption (articles 319 and 319-quater of the Italian criminal code), abuse of office and fraud (articles 323 and 640 of the Italian criminal code). On 12 March 2020 the preliminary hearing phase started, during which Anas, identified as the injured party, joined as a plaintiff and 5 individuals, out of 20 defendants, requested an abbreviated trial procedure. The phase before the judge for the preliminary hearing was concluded at the hearing of 22 January 2021, with the indictment of 15 defendants for the first hearing to be held on 14 April 2021. The abbreviated trial also ended on the same hearing date with two sentences of conviction (related to defendants external to the FS Group) and four sentences of acquittal, depending on the various charges brought against the five defendants who had requested the alternative procedure.

- Criminal proceedings No 4877/18 R.G.N.R., pending before the Bari public prosecutor's office and originating from an FSE complaint, are part of the main criminal proceedings for bankruptcy No 4153/2016 R.G.N.R. - Bari public prosecutor's office against the former Sole Administrator of the FSE and other parties, currently in the trial phase. The public prosecutor's office, within the framework of procedure no. 4877/18 R.G.N.R., issued the notice of conclusion of the preliminary investigation, acquired in October 2019 from the defender appointed by FSE. The former Sole Director of FSE and other officials of the bank are currently registered in the register of suspects for the crimes of "preferential fraudulent bankruptcy in favour of the creditor BNL" and "improper fraudulent bankruptcy due to the effects of malicious transactions". In the request to take the case to trial, FSE and Ferrovie dello Stato Italiane S.p.A., together with other parties, have been identified by the public prosecutor as injured parties. In consideration of the public prosecutor's request, the Court of Bari has set the preliminary hearing for 30 June 2021, during which FSE and FS will proceed as plaintiffs.

Civil and administrative proceedings

- K2 discount pursuant to Ministerial decree no. 44T/2000. With respect to what indicated in the annual report for the year ending on 31 December 2017, to which reference should be made for additional details, the civil action commenced by Trenitalia before the civil court of Rome to obtain that RFI pays the amounts related to the K2 discount, against the elimination of MIT Decree no. 92T of 11 July 2007 (Council of State's ruling no. 1110/2013 on the basis of which the Council of State issued ruling no. 1345/2014), is on-going. As part of these proceedings, the judge allowed RFT to implead the MIT and the MEF to guarantee and indemnify the amounts related to the K2 discount which may be paid to Trenitalia. Both ministries have convened and the Court postponed the hearing to 15 January 2020 for the decision on the requests for investigation. In legal proceeding, RFI S.p.A. has - among other things - objected to the lack of active legitimacy and, in any case, the lack of ownership by Trenitalia S.p.A. of the undue credit for the portion of the K2 discount relating to services provided for the transport of goods, as a result of the corporate spin-off between Trenitalia S.p.A. and Mercitalia Rail S.r.l. concerning the assignment, with effect from 1 January 2017, of the "goods" business unit in favour of Mercitalia Rail S.r.l., Mercitalia Rail S.r.l. has decided to take legal action. The proceedings are on-going and the CTU has been admitted thereto. As a result of the admission of the CTU, the expert operations are underway.
- Appeal against ART resolution no. 70/2014. Various FS Group companies (RFI, Grandi Stazioni S.p.A. and Centostazioni S.p.A.) lodged three extraordinary appeals with the President of Italy against ART resolution no. 70/2014 ("Regulation for fair and equal access to railway infrastructures and commencement of proceedings to define the criteria for the definition of the toll to use railway infrastructures"). Initially lodged with the Lazio regional administrative court, the appeals were then transferred to the Piedmont regional administrative court where RFI's and Grandi Stazioni S.p.A.'s cases were summarised. Trenitalia appeared in both proceedings on 5 May 2016. The appeals lodged by RFI S.p.A. and the former Grandi Stazioni S.p.A. were rejected by the Piedmont Regional Administrative Court with rulings nos. 541/2017 and 1025/2017, respectively. The companies filed an appeal against said rulings. As to RFI S.p.A., on 7 February 2019, the Council of State upheld the appeal and, consequently, reversed the contested judgment and annulled the contested measures at first instance. For the sake of full disclosure, it should be noted that RFI S.p.A. did not appear in the appeal proceedings brought by GS Rail S.p.A. and GS Retail S.p.A.. With sentence no. 6108 published on 9 September 2009, the Council of State upheld RFI's appeal (against sentence no. 541/2017 of the Piedmont Regional Administrative Court) and annulled resolution no. 70/2014 in the part relating to the regulatory measures that determined the HS/HC railway access fee for 2015. The Council of State has also recognized the need for the ART to renew the proceedings with regard to the regulatory period from 6 November 2014 to 31 December 2015 and to conduct a preliminary investigation that takes into account the principles set forth in this ruling. Trenitalia and the ART brought an action for revocation against the judgment of

the Council of State no. 6108/2019. At the same time, the ART requested, as a precautionary measure, the suspension of the effects of the judgment. Following the filing of "hearing notes" (*note di udienza*) by RFI and ART, the Council of State ruled that there was no need to decide on the application for an injunction, combining it with the merits, with the hearing held on 12 November 2020. The ART also appealed for the rejection of the ruling of the Council of State to the united sections of the Supreme Court on the assumption that the administrative judge overreached the external limits of jurisdiction. With regard to the challenging proposal by the former Grandistazioni S.p.A., it should be noted that with decision no. 5534/2019, the Council of State rejected the appeal by the station manager (formerly Grandistazioni) against decision no. 1025/2017, thus confirming - among other things - that the areas used for the reception and assistance of passengers are also subject to the regulatory powers of the Authority.

- Appeal against ART resolutions no. 96/2015 and no. 80/2016. With an extraordinary appeals before the President of the Republic of Italy, RFI, Trenitalia and the former Grandi Stazioni S.p.A. appealed against ART resolution no. 96 of 13 November 2015 containing the principles and criteria for determining the fees to access and use the railway infrastructure. Their appeals were transferred to the Piedmont regional administrative court. RFI also appeared in the proceedings pending before the Piedmont regional administrative court for the appeal lodged by another railway company against the same ART resolution no. 96/2015. Following the termination of the proceedings commenced by RFI for loss of interest by the infrastructure operator (Piedmont regional administrative court's ruling no. 1287/2017), the appeals lodged by Trenitalia against ruling no. 1240/2017 (in which the Piedmont regional administrative court rejected Trenitalia's appeal against Resolution no. 80/2016) ended with a judgment of rejection no. 371 of 11 January 2021, and against ruling no. 57/2018, in which the Piedmont regional administrative court rejected Trenitalia's appeal against Resolution no. 96/2015 (and related measures) -concluded with a judgment of rejection No. 4216 of July 1, 2020. For the sake of clarity, it should be noted that, with sentence no. 58/2018, the Piedmont Regional Administrative Court also rejected the appeal lodged by the former Grandi Stazioni SpA against Resolution no. 96/2015 (and consequential measures).
- As at the date hereof, Trenitalia is part of two important on-going disputes with one of the main suppliers of rolling stock. During 2019, first instance rulings in favour of the Trenitalia were issued. Both judgements were appealed by the counterparties and the related second instance proceedings were postponed for clarification of the conclusions at the end of 2021 and beginning of 2022. With reference to any charges that may arise with a final judgement, these would essentially constitute a higher value of the reference investments.
- Proceedings Anas /Strada dei Parchi: disputes relating to the payment of instalments 2015, 2016, 2017 and 2018 regarding the concession of management, completion and modernisation of the A24 and A25 motorways.
 - a. Civil Court of Rome, general register no. 33007/2016 convened with judgment general register no. 77217/2017: dispute initiated by Strada dei Parchi against Anas S.p.A. and MIT for damages (estimated at Euro 200 million) allegedly suffered due to the conditions of the motorways object of the concession. The dispute was joined with another dispute (general register no. 77217/2017), initiated by Strada dei Parchi in order to neutralise the payment of the instalment for 2016 (due on 31 March 2017). The two joined proceedings ended with sentence no. 16036 published on 16 November 2020, with which the Court of Rome rejected all of Strada dei Parchi's claims for damages, ordering it to pay the legal expenses. With a writ of summons notified on 17 December 2020, Strada dei Parchi appealed against this sentence.
 - b. Civil Court of Rome, general register no. 63958/2016: in 2016 following the failure of Strada dei Parchi (the operator in charge of the operation, completion and modernisation of the A24 and A25 motorways) to pay the 2015 portion of the concession, Anas S.p.A. has filed an appeal for an injunction to order the concessionaire to pay the amount due to it; following the opposition of Strada dei Parchi against such injunction, the relevant proceedings have been filed. During the proceedings, a question of the constitutional legitimacy of article 52-*quinquies* of Law Decree no. 50 of 24 April 2017, converted with amendments into Law no. 96 of 21 June 2017, was brought before the Constitutional Court. Under this law provisions "*The operator shall pay Anas S.p.A. the outstanding amount of the concession fee, entirely pertaining to Anas S.p.A., for a total of €111.7 million, in three instalments falling due on 31 March of 2028, 2029 and 2030, each amounting to €37.2 million, plus legal interest. The expiry dates of all remaining instalments of*

the fee due to Anas S.p.A. remain unchanged. The potential question of constitutional legitimacy refers to Anas S.p.A. role as the recipient of the fee payable by Strada dei Parchi, which the referring court did not manifestly find unfounded in two respects: i) the breach of article 77.2 Const., since the provision "was included in a completely new measure with respect to the original Law Decree with a clear and obvious lack of any connection, both with the subject of the new article 52-quinquies, as described in the related section – earthquake safety measures for the A24 and A25 motorway – and the perceptive content and purpose of the remaining part, resulting even in contrast with them"; ii) the breach of articles 1, 3, 24 and 101 Const. since the challenged provision "...covers a specific individual contract between specific parties, pending a number of proceedings which challenge payment of the instalments comprising the concession fee to which it refers, and also impose by law a decision which, conversely, already rests with the court". In this respect, the fee of the granted concession was a significant component of Anas's assets and any related loss would result in a considerable loss for the company and the consequent impairment, unquestionably putting at risk the value of the company (which includes the receivable from the operator with a nominal amount of approximately €900 million which, in the financial statements, is equal to assets worth an estimated €576 million). With ruling 181 of 16 July 2019, the Constitutional Court rejected the question of constitutional legitimacy, considering it unfounded. Following the resumption of the proceedings following the Constitutional Court's ruling, Strada dei Parchi requested the dispute to be settled with revocation of the opposing injunction, since pursuant to article 52-quinquies of Law decree no. 50/2017, which deferred payment of the accrued amount to 2028, the receivable had not become due. Anas S.p.A. insisted on upholding the conclusions and, therefore, primarily for the rejection of the opposition to the injunction, for the recognition of its credit right and for the conviction of SDP to pay the 2015 instalment when it becomes due. The judge represented to the parties "the possibility for the parties to reach a solution that provides for the termination of the dispute, with the ineffectiveness of the injunction and compensation for the costs of the proceedings"; Strada dei Parchi's defence attorneys agreed with the settlement proposal made by the judge, and Anas S.p.A.'s defence attorneys asked for a postponement to submit this proposal to its counsel. Acknowledging the position taken by the parties, the judge adjourned the hearing to 18 June 2020 in order to verify the adherence of Anas S.p.A. to the settlement proposal and, if not, to clarify the conclusions. Anas S.p.A. informed its defence attorneys that it could not agree to a declaration of termination of the matter in dispute as such declaration would assume the pursuit of protection of the interests of Anas itself (on the contrary, Anas has not yet pursued any of the interest for which it acted in court, neither the recognition of the existing of its credit position against Strada dei Parchi as this latter continues to contest such right). However, in the event that the defence attorneys considered it appropriate (or far less risky) to follow the proposal of the judge, it was willing to accept the proposal subject to Strada dei Parchi recognising Anas's credit right against Strada dei Parchi.

- c. Civil Court of Rome, general register no. 75938/2019: following the publication of the abovementioned Constitutional Court's ruling no. 181 of 16 July 2019, Anas S.p.A. has filed an appeal for an injunction against Strada dei Parchi for the recovery of instalments 2017-2019, for a *petitum* of Euro 151,966,000. On 8 August 2019, a joint ANAS-SdP-MIT meeting was held at MIT in the presence of the Minister, the Head of Cabinet and the lawyers of the technical secretariat. In order to stop the increase in motorway tariffs threatened by the concessionaire as of 31 August 2019, MIT has undertaken to Strada dei Parchi to complete the PEF approval procedure and to include in a future legislative measure a rule that - repeating what has already happened with art. 52 *quinquies* of Decree Law no. 50/2017 - allows for the deferral of three further instalments of the concession price (the two instalments due in 2017 and 2018, which are the subject of the injunction requested by ANAS, and the instalment of 2019, due in March 2020). In view of this commitment, Strada dei Parchi has undertaken to postpone the increase in motorway tariffs scheduled for 31 August 2019 until 30 November 2019. Therefore, the Ministry asked ANAS to reopen negotiations with the concessionaire; ANAS acknowledged what had happened and undertook to reopen negotiations with Strada dei Parchi. In the meantime, both ANAS and Strada dei Parchi have undertaken "to suspend any judicial initiative until 7 October 2019", including the notification of the injunction, which was not issued at the time. Further meetings with Strada dei Parchi followed, on 25 September 2019, Strada dei Parchi proposed again its hypothesis of consistent agreement, in summary: (i) in the deferral to 31 December 2030 of the instalments relating to the years 2017, 2018 and 2019 (for a total of Euro 167.58 million Euro) at the conventional interest rate (6%) "unless a dedicated regulatory intervention provides for the application of a different interest rate on the deferral"; (ii) in ANAS's commitment "not to

take any legal action with reference to all or part of the above instalments and subject to the deferral". By certified email, on 26 September 2019, Strada dei Parchi formally requested "an extension until 15 November 2019 of the aforesaid standstill period pending the desirable positive conclusion of the procedure for the definition of the solution proposed in the last meeting which took place on 25 September 2019, also in consideration of the need to definitively acquire express mandate from the respective decision-making bodies". At its meeting of 14 October 2019, the Board of Directors of ANAS resolved to reject the request of the concessionaire Strada dei Parchi S.p.A. (essentially consisting in deferring payment of the concession purchase instalments for the years 2017, 2018 and 2019 until 31 December 2030 for a total of €167.58 million plus interest). Consequently, the Board gave the Chief Executive Officer the mandate to proceed with the judicial initiatives (including the notification of the injunction issued by the Court of Rome in favour of ANAS on 27 September 2019 for €151,966,324.08, without provisional execution clause, plus interest, resulting from the invoices relating to the 2017 and 2018 instalments of the concession for taking over the concession and other outstanding invoices relating to the concession fees and the ninth and tenth instalments of the debt to the former Central Guarantee Fund) with the urgency of the case. The injunction was notified by ANAS and opposed by Strada dei Parchi S.p.A. on 25 November 2019. Strada dei Parchi notified a writ of summons opposing the injunction and such the summons was also notified to the MIT, because Strada dei Parchi is seeking recognition that the exceptions that Strada dei Parchi may oppose to the MIT can be invoked against Anas S.p.A.. In this context, following a joint ANAS-SdP-MIT meeting, MIT asked the parties to find any useful temporary solution to avoid the fees increases after 31 December 2017 on the A24 and A25 motorways - currently suspended until 1 December 2019 - so that such suspension can be extended until 31 December 2020. ANAS and Strada dei Parchi S.p.A. have therefore undertaken to enter into an agreement relating to such suspension and the methods of payment of the deferred amounts and the amounts specified in the injunction. The matter has been submitted to the board of directors of ANAS. At the same time, MIT has taken legislative initiatives to resolve the issue related to the payment of concession instalments for the years 2017 and 2018, supporting the approval of an *ad hoc* regulation. In this respect, it should be noted that, pursuant to art. 9 *tricies* *semel* of the Legislative decree no. 123/2019, converted into Law no. 156/2019, approved with the aim to support Strada dei Parchi, it has been provided that (i) the suspension of the toll increase on the A24 and A25 motorways until 31 October 2021; (ii) the suspension of the obligation of Strada dei Parchi to pay the 2017 and 2018 instalments of the concession fee, each for an amount equal to Euro 55,860,000, including deferred interest; (iii) the repayment of the amounts relating to the above two instalments 2017 and 2018 at the end of the concession, plus accrued interest calculated at the legal rate (not even at the 6% interest rate provided for in the concession) to be paid also at the end of the concession. The approval of this provision (similar to what happened in 2017 with art. 52-*quinquies* of Law decree no. 50/2017 for the 2015 and 2016 instalments, referred to in point b) above, entails the suspension *ex lege* of the immediate collectability of the 2017 and 2018 instalments. By order of 12 November 2020, the judge granted the provisional enforceability of the opposed injunction, pursuant to article 648 of the Code of Civil Procedure, limited to the amount of Euro 29,050,321.30 plus conventional interest, acknowledging that the amounts invoiced by way of license fees (instalments 2017 and 2018) and related additions are due, as well as the tenth instalment of the debt to the former Central Guarantee Fund. On the basis of the above-mentioned order, ANAS served a writ of summons on Strada dei Parchi pursuant to art. 615 of the Code of Civil Procedure, requesting suspension of the order, also without hearing the other party.

d. the enforcement proceedings RG 47339/2020 brought by ANAS before the Court of Rome aimed at obtaining payment of the 2019 instalment, culminating in the issue of injunction no. 16723/2020, opposed by Strada dei Parchi with a writ served on November 27, 2020.

- RFI S.p.A. - Gruppo COSIAC S.p.A.: in 2011, Gruppo COSIAC S.p.A. brought an action before the Civil Court of Rome for damages (approximately EUR 1.039 billion) deriving from the alleged violation of the rules of fairness, impartiality and good faith in the execution of the integrated service concession for the doubling of the Tommaso Natale - Carini railway line and the connecting line with Punta Raisi airport. Pursuant to judgment no. 9769/2015 the Court of Rome, in full acceptance of the defences of RFI S.p.A. and with an order that COSIAC S.p.A. reimburse the costs of the proceedings, declared its lack of jurisdiction in favour of the administrative judge and rejected all claims for liability (contractual, pre-contractual and non-contractual). COSIAC S.p.A. has appealed against the abovementioned judgment. With sentence no. 1.477 of 1 March 2019, the Court of Appeal of Rome, partially upheld the appeal made by COSIAC S.p.A., referred the case back to the Court, recognizing the jurisdiction of the

ordinary judge on the assumption that the request exercised in court by COSIAC S.p.A. is an expression of a subjective right arising from a private law contract. RFI S.p.A. appealed against this decision in front of the Supreme Court and appealed to the Court of Appeal for revision, on the grounds of contrast with the judgements already formed in the civil and administrative courts, also in regard to the issue of jurisdiction. With a writ of summons served on 3 May 2019, COSIAC S.p.A. resumed the case before the Civil Court of Rome: the hearing for the first appearance (initially indicated as 20 September 2019) was set by the Court at 5 March 2020. RFI S.p.A. joined the proceedings asking for the suspension of the proceedings pending the decision of the Supreme Court and the Court of Appeal to rule on the issue of the conflict of judgement in the revocation. With sentence no. 28388/2020 of 14 December 2020, the Supreme Court, SS.UU., rejected RFI's appeal, confirming the decision of the Court of Appeal. As at the date hereof, the revocation judgment is, however, still pending.

Proceedings before the Italian and EU authorities

- EU cases SA 32179 and SA 32953. On 28 March 2014, the European Commission's Directorate-General for Competition notified Italy of a decision to begin a formal investigation in connection with two potential state aid programmes relating to:
 - a) state aid measures under the forms of transfers of infrastructure assets (case SA 32179); and
 - b) compensation for a public service obligation in the rail freight sector (case SA 32953).

The first aid measure being investigated relates to four asset allocation operations within the FS Italiane group, in which assets were allocated to Trenitalia S.p.A. and FS Logistica S.p.A., respectively. In particular, these transfers include assets that do not constitute railway infrastructure (they are mainly workshops) and are, in any case, no longer functional for the infrastructure operator. The second measure being investigated relates to the compensation by the Italian station to Trenitalia S.p.A. for the discharge of public service obligations in rail freight transport from 2000 to 2014 under three consecutive public service contracts. After 2015 and 2016, in which there were no further developments, near the end of 2017, the European Commission resumed the examination of both dossiers. Accordingly, considering the current stage of the cases and their complexity, and based on the opinions of independent legal experts, in line with previous evaluations, we believe that: 1) the effects of any negative development with respect to case SA 32179 would substantially relate to assets, due to the re-allocation of assets within the FS Italiane group; and ii) with respect to case SA 32953, it is still impossible to objectively identify a contingent liability or reliably estimate any amount that might be paid. As at the date hereof, the proceedings is on-going.

- Appeals relating to the tender for the assignment of services for the Tuscany region. With an appeal lodged on 15 April 2016, the consortium company MOBIT Scarl (consisting of Busitalia and other local public transport incumbents operating in Tuscany) appealed before the Tuscany regional administrative court against the region's regulation ordering the definitive assignment of the tender to the only other participant, Autolinee Toscane S.p.A. ("AT"). The tender related to the assignment in a single lot of local public transport services for nine years, which may be extended for another two years, worth approximately €4 billion. AT, which also took legal action, presented a counterclaim to have the consortium MOBIT excluded from the tender. With ruling no. 1548/2016 of 28 October 2016, the Tuscany regional administrative court admitted the two appeals, cancelled the assignment of the tender and found that neither of the claimants had presented offers that met the region's guidelines for the preparation of the economic/financial plan. All the participants (Mobit, AT and the Tuscany region itself) appealed against ruling no. 1548/2016 before the Council of State. The latter, with an ordinance issued on 6 April 2017, submitted the issues relating to the interpretation of certain provisions of Regulation (EC) no. 1370/2007 to the EU Court of Justice, as they were relevant to the case. The EU Court of Justice, by way of a decision dated 21 March 2019, ruled upon the interpretation of the above-mentioned provisions of Regulation (EC) no. 1370/2007, establishing that article 5 of such Regulation, containing the prohibition for beneficiaries of direct entrustments of public transport services to participate in tenders relating to territorial catchment areas other than those in which they operate under conditions of non-competitive advantage (prohibition of participation extra moenia), is not applicable to an award procedure that took place before 3 December 2019. The proceedings have been returned to the Council of State, which set a hearing for discussion on 28 November 2019. The judgment has been continuing before the Council of State. In the medium term, the Region of Tuscany reopened the tendering procedure by inviting the two tenderers to lend a new PEF in support of the technical and economic offer already made and proceeded to the provisional award in favour of AT. Mobit appealed against that note and the

award of the contract to the Tuscany Regional Administrative Court, which, however, dismissed the action. The decision of the Regional Administrative Court was therefore appealed to the Council of State. Following the filing of the judgment of the EU Court of Justice of 21 March 2019, the Region of Tuscany proceeded with the final awarding of the tender to AT. On 11 December 2019, the Council of State rejected the appeals filed by MOBIT, AT and the Region of Tuscany against the judgments of the Regional Administrative Court of Tuscany no. 1548/2016 and no. 1159/2017. MOBIT appealed also against the final award decision in favour of AT before the Tuscany Regional Administrative Court. On 19 March 2020 the Toscana Regional Administrative Court's rejected MOBIT requests (Ruling no. 344) and MOBIT appealed against such decision before the Council of State. Verification proceedings are currently pending on the PEFs submitted in the tender by AT and MOBIT. Upon request of the auditors, the Council of State ordered the extension by sixty days of the deadline for filing the report and the adjournment of the hearing to 13 May 2021.

- Appeal against the transfer of the investment in FSE S.r.l. ("FSE") to FS S.p.A.. With ruling no. 6417/2017, the Lazio regional administrative court rejected the appeal filed by Arriva Italia S.r.l., Ferrotramviaria S.p.A. and COTRAP to repeal MIT Decree no. 248/2016 which identified FS as the party to receive the investment in FSE S.r.l. which, at the time, was held by said Ministry, thereby confirming its lawfulness. As part of the appeal to overturn the first-level ruling, the claimants indicated the failure to comply with the requirements applicable to government assistance as the first ground of appeal, in relation to: i) the granting of €70 million to FSE S.r.l. pursuant to article 1.867 of Law no. 2018/2015, as amended by article 47 of Law Decree no. 50/2017 and ii) FSE S.r.l.'s transfer to FS S.p.A. with no competitive procedure and no consideration. The Council of State decided to refer the issue to the European Court of Justice, pursuant to article 267, par. 1, letter a) of the Treaty on the Functioning of the European Union (decision to refer no. 3123/2018). On 8 May 2019, a hearing was held before the Court of Justice to discuss the preliminary ruling procedure and, at the end of July 2019, the conclusions of the Advocate General were announced. On 19 December 2019 the Court of Justice ruled on the preliminary questions (Case C-385/18) stating that – without prejudice to the verification which shall be carried out by the Council of State - article 107 of the TFEU shall be interpreted to classify as State aid both the allocation of a sum of money in favour of a public company and the transfer of the entire shareholding held by a Member State in the capital of such company to another public company providing for no consideration thereto but with the obligation on the latter to remove the capital imbalance of the former. Consequently, following the resumption of proceedings by the appellants on 3 February 2020, the Council of State shall take the necessary decisions on the basis of the interpretative judgment of the Court of Justice. On 22 October 2020, a hearing was held before the Council of State where the judges, recalling the rulings of the European Court of Justice, ordered, through the adoption of an ordinance published on 26 October 2020, the opening of the "verification procedure", pursuant to article 66 of the Italian code of the administrative process (assessment ordered in order to complete the knowledge of facts that are not immediately inferred from documentary evidence) to be carried out in the cross-examination of the parties, on the following question: "the auditor shall say whether the value of Ferrovie del Sud Est e Servizi s.r.l. at the date of this transfer, as increased, where necessary, by the allocation of the sum of Euro 70 million in its favour by the Italian State, exceeds the amount of the investment that Ferrovie dello Stato Italiano must make in order to honor its obligation to remove the asset imbalance of FSE. The judges therefore decided to set the hearing on the merits for 30 March 2021.

Recent events

EU Commission approves Italian scheme to compensate commercial rail passenger operators for damages suffered due to coronavirus outbreak

On 10 March 2021, the European Commission has approved, under EU State aid rules, Euro 511 million in Italian support to compensate railway operators of commercial, long-distance rail passenger services as compensation for the damage suffered between 8 March and 30 June 2020 due to the coronavirus outbreak and the restrictive measures that Italy had to implement to limit the spread of the coronavirus. The above approved amount is part of the broader supporting measure as approved by the Italian government through the Recovery Decree (art. 214, c.3-6), which the EU Commission assessment is ongoing. The amount granted to the FS Group will be formalized and communicated by the MIT in the coming future.

Board of Directors approves new funding up to 2.9 billion Euros

On 23 February 2021, the Board of Directors of FS Italiane has approved the issuance of new bonds and other medium/long-term funding instruments for a total maximum amount of 2.9 billion Euros. The increase of the EMTN Programme to be completed during the year was also approved, up to 9 billion Euros from the current 7 billion Euros. The proceeds collected on the debt capital market in 2021 will finance the FS Group's investment needs. As part of the new EMTN bond issuances, FS Italiane is also planning new green bonds, which will mainly finance the purchase of new Pop & Rock regional trains.

Standard and Poor's affirms Rating BBB and Stand Alone Credit Profile bbb+

On 18 February 2021, Standard and Poor's affirmed both the Issuer Credit Rating at "BBB" and the "Stand Alone Credit Profile" (SACP) at "bbb+". The outlook remains negative.

The rating affirmation is based on the agency's analysis of the financial strength, which is enabling FS to face the current crisis generated by the pandemic with a higher standing than its European peers. S&P's expectations for the FS Group are to maintain financial metrics commensurate with its BBB rating, supported by the extraordinary measures issued by the government for the sector, which have confirmed the strategic role of FS and its subsidiaries for the country, as well as the forecast of a solid liquidity position.

Approval by FS Italiane of the selection process for a new backup facility

In view of the expiry in July 2021 of the outstanding committed line, on 17 December 2020 the Issuer's Board of Director has resolved to begin the selection process relating to a new facility agreement. The new revolving and committed credit line, to be used for the Group's general purposes, is expected to have a 3 years tenor with an available commitment of up to 2.5 billion of Euro. In order to select the lenders of the new facility, a tender process is expected to be launched in the coming weeks.

Euro 80 million 3 years bond issuance

On 10 December 2020 FS Italiane issued a new bond under its EMTN Programme for an amount of Euro 80 million euros (series 16) and with a 3 years maturity. The bond has been issued above par with a zero coupon and thus with a negative yield and has been listed on Euronext Dublin.

Fitch affirming rating "BBB-" and Outlook stable

On 7 December 2020 Fitch Ratings released the annual assessment of FS Italiane's credit profile affirming the Issuer Default Rating at "BBB-" with a stable outlook which reflects that on Italy. Fitch has also revised the FS's Standalone Credit Profile to 'bbb-' from 'bbb' following, *inter-alia*, the new approach of Fitch towards integrated railway groups which, at the end, limits the Group's the Standalone Credit Profile as well to the Italian Government's rating.

Trenitalia becomes sole shareholder of Netinera Deutschland

On 3 December 2020 Trenitalia has taken the sole control of Netinera Deutschland GmbH, a German company operating in public transport and rail freight. The transaction was finalised through the acquisition of 49% of the share capital from Cube Transport Sarl, an investment fund under Luxembourg law and specialized in infrastructure and public services, for a value of Euro 117,835,200.00. The acquisition received the clearance of the European Commission on 25 November 2020.

FS Italiane released the second Green Bond Report

On 3 December 2020 FS Italiane has made available on its website, for the benefit of institutional investors and the financial community, the second Green Bond Report one year after the second green bond issue. The Green Bond Report aims to inform on the proceeds allocation of the green bond issued in July 2019 and on the positive impacts that the financed investments generate in terms of environmental sustainability. The report obtained the third party opinion from KPMG, the independent auditing firm and auditor of the financial statements of the FS Italiane Group. The evaluation positively highlights FS Italiane's compliance with the methodology for calculating and allocating the proceeds of the bond to sustainable investments, as well as with the guidelines - both international and internal - as defined in 2019 within the Green Bond Framework. Besides, the Climate Bonds Initiative confirmed the

certification on the green bond released at the issue time, following the positive annual verification carried out by Sustainalytics on compliance with CBI standards.

Euro 250 million 10 years bond issuance

On 30 November 2020 FS Italiane issued a new bond private placement for Euro 250 million (series 15) with a 10 years maturity. The bond has been issued at par at fixed rate equal to 0.641%, being the lowest fixed coupon ever paid by FS Italiane for a bond issued under its EMTN Programme, and it has been listed on Euronext Dublin.

Standard and Poor's rating and outlook not immediately affected by revision of sovereign outlook

On 28 October 2020 Standard and Poor's released a bulletin affirming that FS Italiane's rating and outlook (currently BBB/Negative) were not immediately affected by the revision of the outlook on Italy to "stable" from "negative" carried out on 23 October 2020. As a consequence, the rating at "BBB" and outlook "negative", released by the rating agency on 21 July 2020, were confirmed.

TAXATION

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

Taxation in the Republic of Italy

Tax treatment of the Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended ("**Decree 239**") provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between 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*), issued, *inter alia*, by public entities transformed in limited companies, pursuant to specific law provisions.

For this purpose, bonds and debentures similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value, with or without the payment of periodic interest, and which do not grant the holder any direct or indirect right of participation to (or of control of) the management of the Issuer or to the business in connection to which the securities were issued, nor to control the same.

Italian resident Noteholders

Pursuant to Decree 239, where the Italian resident Noteholder, who is the beneficial owner of the Notes, is:

- (a) an individual not engaged in an entrepreneurial activity to which the relevant Notes are connected;
- (b) a non-commercial partnership;
- (c) private or public institutions (other than companies), trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes, accrued during the relevant holding period, are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 26% (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes) (unless Noteholder described under (a) to (c) have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the application of the "*risparmio gestito*" regime according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended ("**Decree No. 461**") — see under "*Capital gains tax*", below).

All the above categories are qualified as "net recipients". In the event that 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 and may be deducted from the taxation on income due.

Subject to certain limitations and requirements (including minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including from *imposta sostitutiva*, on interest, premium and other income relating to the Notes, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

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 will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate income taxation (and, in certain circumstances, depending on the "*status*" of the Noteholder, also to the regional tax on productive activities ("**IRAP**")).

Where an Italian resident Noteholder is an individual engaged in an entrepreneurial activity to which the Notes are connected, interests, premium and other income relating to the Notes, are subject to *imposta sostitutiva* and will be included its relevant income tax return. As a consequence, interests, premium and other income will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called "**SIMs**"), fiduciary companies, *società di gestione del risparmio* (so called "**SGRs**"), stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an "**Intermediary**"). An Intermediary must (a) (i) be resident in Italy or (ii) be a permanent establishment in Italy of a non-Italian resident financial intermediary or (iii) 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 No. 239; and (b) intervene, in any way, 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 Intermediary paying Interest to a Noteholder or, absent that, by the Issuer.

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 ("**Decree 351**"), Law Decree No. 78 of 31 May 2010, converted into Law n. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, Italian real estate investment funds and Italian real estate SICAFs, qualifying as such from a legal and regulatory perspective (the "**Real Estate Funds**") are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Funds, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26%; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate Fund is subject to taxation in the hands of the unitholder or shareholder regardless of distribution.

If the investor is resident in Italy and is an open-ended or-closed ended investment fund, a SICAV (an investment company with variable capital) or a SICAF (an investment company with fixed capital) established in Italy (the "**Fund**") and either (i) the Fund or (ii) their manager is subject to the supervision of a regulatory authority, and the relevant Notes are held by an authorised intermediary, as clarified by the Italian tax authorities through Circular No. 11/E of 28 March 2012, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26% will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005, the "**Pension Fund**") 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 a 20% substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). Subject to certain limitations and requirements, Interest arising in respect of the Notes may be excluded from the taxable base of the Pension Fund Tax, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Non-Italian resident Noteholders

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

- resident for tax purposes in a state or territory which allows an adequate exchange of information with the Italian tax authorities and listed in the Decree of the Minister of Finance dated 4 September, 1996, as amended and supplemented from time to time (the "**White List**"). According to Article 11, par. 4, let. c) of Decree 239, the White List will be updated every six months period. In absence of the issuance of the new White List, reference has to be made to the Italian Ministerial Decree dated 4 September, 1996 as amended from time to time; or
- an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or
- an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

In order to ensure gross payment, non-resident investors (without a permanent establishment in Italy to which the Notes are effectively connected) must be the beneficial owners of payments of Interest on the Notes and (a) deposit, directly or indirectly, the Notes, the receipts or the coupons with an Italian bank or a SIM or a permanent establishment in Italy of a non-resident bank or SIM or with a non-resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree 239 a resident bank or SIM or a permanent establishment in Italy or a non-resident bank or SIM which are in contact via computer with the Ministry of Economy and Finance and (b) file with the relevant depositary, prior to or concurrently with the deposit of the Notes, a statement (*autocertificazione*) of the relevant Noteholder, to be provided only once, until revoked or withdrawn, in which the Noteholder declares to be resident, for tax purposes, in one of the above mentioned White List states. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy 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, as subsequently amended.

The *imposta sostitutiva* will be applicable at the rate of 26% 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 a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Noteholder.

Atypical Securities

Interest payments relating to Notes that are not deemed to be bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 may be subject to a withholding tax, currently levied at the rate of 26%. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

Subject to certain limitations and requirements (including minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including from *imposta sostitutiva*, on interest, premium and other income relating to the Notes, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity, (c) a permanent establishment in Italy of a foreign entity, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-

Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.

Capital gains tax

Italian resident Noteholders

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 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.

Pursuant to Decree No. 461, where an Italian resident Noteholder is (i) an individual holding the Notes not in connection with an entrepreneurial activity; (ii) a non-commercial partnership; (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva* on capital gains, levied at the current rate of 26%. Noteholders may set off losses with gains.

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

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding Notes not in connection with an entrepreneurial activity, Italian resident partnerships not carrying out commercial activities and Italian private or public institutions not carrying out mainly or exclusively commercial activities may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the relevant Notes (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries); and (b) an express election for the *risparmio amministrato* regime being punctually 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 Notes (as well as in respect of capital gains realised upon the 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 Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident individuals holding Notes not in connection with an entrepreneurial activity, Italian resident partnerships not carrying out commercial activities and Italian private or public institutions not carrying out mainly or exclusively commercial activities who have entrusted the management of their financial assets, including 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% substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain conditions (including minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including from *imposta sostitutiva*, on capital gains realised upon sale, transfer for consideration or redemption of the Notes, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Any capital gains realised by a Noteholder who is an Italian Real Estate Fund will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26%

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Tax.

Any capital gains realised by a Noteholder which is an Italian Pension Fund will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax. Subject to certain limitations and requirements, capital gains arising in respect of the Notes may be excluded from the taxable base of the Pension Fund Tax, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Non-Italian resident Noteholders

Pursuant to Article 23, of Presidential Decree No. 917 of 22 December 1986, capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes issued by an Italian resident issuer and traded on regulated markets are neither subject to the *imposta sostitutiva* nor to any other Italian income tax (subject to, in certain cases, the filing of the required documentation).

Capital gains realised by non-Italian resident Noteholders from the sale, early redemption or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, **provided that** the beneficial owner: (a) is resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy and listed in the White List, or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence. If non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected, are subject to the *risparmio amministrato* regime or elect for the *risparmio gestito* regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirements indicated above.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26%. In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale, early redemption or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale, early redemption or redemption of Notes.

Inheritance and gift taxes

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

- (l) 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% on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;

- (m) transfers in favour of relatives to the fourth degree or relatives in law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6% on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6% inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- (n) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8% on the entire value of the inheritance or the gift.

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

Inheritance and gift tax do not apply in case the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time applicable as set forth by Italian law.

Transfer tax

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200.00; (ii) private deeds are subject to registration tax only in the case of use or voluntary registration.

Stamp duty

Pursuant to Article 13 par. 2/ter of the tariff Part I attached to Presidential Decree No. 642 of 26 October, 1972, a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited in Italy. The stamp duty applies at a rate of 0.20% and cannot exceed €14,000 for taxpayers other than individuals; 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.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory. The communication is deemed to be sent to the customers at least once a year, even for instruments for which it is not mandatory. In case of reporting periods of less than 12 months, the stamp duty is payable based on the period accounted.

Wealth Tax on securities deposited abroad

Pursuant to Article 19 par. 18 and 18-bis of Decree No. 201 of 6 December 2011, Italian resident individuals, and, starting from fiscal year 2020, Italian non-commercial entities and Italian non-commercial partnerships and similar institutions (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) holding the Notes outside the Italian territory are required to pay a wealth tax at the rate of 0.2%. Starting from fiscal year 2020, for taxpayers other than individuals, this wealth tax cannot exceed Euro 14,000 per year.

This tax is calculated on the market value of the Notes at the end of the relevant year (or at the end of the holding period) 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).

Tax monitoring obligations

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, Italian resident individuals, Italian non-commercial entities and Italian non-commercial partnerships and similar institutions (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax return (or, in case the

income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return) the amount of investments directly or indirectly held abroad.

The requirement applies also where the persons above, being not the direct holders of the financial instruments, are the actual owners ("*titolari effettivi*") of the financial instruments in accordance with Article 1(2)(u) and the Technical Annex of the Decree No. 231 of 21 November 2007.

The disclosure requirements are not due if the foreign financial investments (including the Notes) are only comprised of deposits and/or bank accounts having an aggregate value not exceeding an €15,000 threshold throughout the year. Furthermore, no disclosure requirement applies when the Notes are deposited for management or administration with qualified Italian financial intermediaries, with respect to contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries.

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 (each other than Estonia, a "**participating Member State**"). However, Estonia has ceased to participate.

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

Under the Commission's proposal, 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 the 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.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which, remains unclear. Additional EU Member States may decide to participate.

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "*Terms and Conditions—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banca Akros S.p.A. – Gruppo Banco BPM, Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Barclays Bank Ireland PLC, Bayerische Landesbank, BNP Paribas, BofA Securities Europe SA, CaixaBank, S.A., Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, Goldman Sachs International, HSBC Continental Europe, Intesa Sanpaolo S.p.A., ING Bank N.V., J.P. Morgan AG, Mediobanca – Banca di Credito Finanziario S.p.A., Merrill Lynch International, Morgan Stanley & Co. International plc, MPS Capital Services Banca per le Imprese S.p.A., MUFG Securities (Europe) N.V., Natixis, NatWest Markets N.V., SMBC Nikko Capital Markets Europe GmbH, Société Générale and UniCredit Bank AG (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 12 March 2021 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "**Non-Syndicated**" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "**Syndicated**", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilising Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America: *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

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

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

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto 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.

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

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and

each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to any retail investor in the EEA. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

Prohibition of sales to UK Retail Investors

Unless the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to any retail investor in the United Kingdom. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further

Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (C) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an **"offer of Notes to the public"** in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

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

- (a) *No deposit-taking*: in relation to any Notes having 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:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) 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) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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; and
- (c) *General compliance*: 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.

Selling Restrictions Addressing Additional Italian Securities Laws

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 the Prospectus Regulation, all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) as defined in Article 2 of the Prospectus Regulation and in Article 100 of Legislative Decree No. 58 of 24 February 1998; or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation and any other applicable Italian laws and regulations.

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 under paragraphs (a) or (b) above must be:

- (i) 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. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time) and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016 and on 2 November 2020); and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy and/or any other Italian authority.

Selling Restrictions Addressing Additional French Securities Laws

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has only offered or sold and will only offer or sell, directly or indirectly, Notes in France to qualified investors (*investisseurs qualifiés*) as defined in Article L.411-2 1° of the French *Code monétaire et financier* and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France to such qualified investors this Base Prospectus, any Final Terms or Drawdown Prospectus, as the case may be, or any other offering material relating to the Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection

with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore

Switzerland

The offering of the Notes in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**"). This Base Prospectus does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

The Notes are not a collective investment scheme as per the Swiss Act on Collective Investment Schemes and are not subject to the authorisation or supervision by the Swiss Financial market Supervisory Authority FINMA and investors in the Notes will not benefit from protection or supervision by such authority.

General

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to agree, represent and warrant that it has complied and will comply with all applicable laws and regulations in force in any country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus, any Final Terms or a Drawdown Prospectus or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus, any Final Terms or a Drawdown Prospectus comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus, any Final Terms or a Drawdown Prospectus or any related offering material, in all cases at their own expense.

Other than with respect to the admission to listing, trading and/or quotation by such one or more competent authorities, stock exchanges and/or quotation systems as may be specified in the Final Terms, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms

comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

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.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

GENERAL INFORMATION

Listing and admission to trading

Application has also been made for Notes issued under the Programme to be admitted to trading on the regulated market of Euronext Dublin and to be listed on the Official List of Euronext Dublin.

However, Notes may be issued pursuant to the Programme which are admitted to listing, trading and/or quotation by such competent authority, stock exchange and/or quotation system as the Issuer(s) and the relevant Dealer(s) may agree or which are not admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.

The Central Bank of Ireland may at the request of the Issuer, send to the competent authority of another EEA Member State (i) a copy of this Base Prospectus; and (ii) an Attestation Certificate.

Authorisation

The update of the Programme was authorised by (i) a resolution of the Board of Directors of the Issuer dated 31 March 2020 and (ii) a resolution of the Board of Directors of the Issuer dated 16 April 2019. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer or the Group.

Significant/Material Change

Save as disclosed in the 2020 Interim Report Highlights and in the section entitled "*Risk Factors – Risks relating to the Issuer's financial position – Risks relating to macroeconomic conditions and sovereign debt crisis*" since 31 December 2019 there has been no significant change in the financial performance or financial position of the Issuer or the Group and there has been no material adverse change in the prospects of the Issuer or the Issuer and its Subsidiaries.

Auditors

The consolidated financial statements of the FS Group as of and for the years ended 31 December 2018 and 31 December 2019, incorporated by reference in this Base Prospectus, have been audited by KPMG S.p.A, independent auditors, as stated in their reports. On 4 November 2014, a shareholders' meeting approved the appointment of KPMG S.p.A. to act as the Issuer's external auditors, subject to the signing of a framework agreement, for the period 2014-2022.

KPMG S.p.A. has its registered office at Via Vittor Pisani 25, 20124 Milan, Italy. KPMG S.p.A. is authorised and regulated by the Italian Ministry of Economy and Finance, is registered under No. 13 on the special register of auditing firms held by the Italian Ministry of Economy and Finance and is registered under No. 70623 on the register of accountancy auditors (*Registro dei revisori legali*).

Documents on Display

Electronic copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the registered office of the Issuer and from the specified office of the Fiscal Agent for 12 months from the date of this Base Prospectus, in relation to the documents listed at (a) – (i) below, on the websites indicated, and in relation to the Base Prospectus, at <https://www.fsitaliane.it/content/fsitaliane/en/investor-relations/debt-and-credit-rating/emtn-programme-.html>:

- (a) the constitutive documents of the Issuer (which are available on the website of the Issuer at <https://www.fsitaliane.it/content/fsitaliane/en/fs-group/governance/the-statute-.html>);

- (b) the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2018 and 31 December 2019 (which are available on the website of the Issuer at <https://www.fsitaliane.it/content/fsitaliane/en/investor-relations/financial-statements.html>);
- (c) the summary of the main interim consolidated results of the Issuer as at 30 June 2020 (which is available on the website of the Issuer at <https://www.fsitaliane.it/content/fsitaliane/en/investor-relations/financial-statements.html>);
- (d) the most recent annual consolidated financial information of the Issuer published from time to time, commencing with its audited annual consolidated financial statements as at and for the year ended 31 December 2019 (which will be available on the website of the Issuer at <https://www.fsitaliane.it/content/fsitaliane/en/investor-relations/financial-statements.html>);
- (e) the 2019 Base Prospectus (which is available on the website of the Issuer at https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/IR_FS_EMTN_Update_2019_Base_Prospectus.pdf);
- (f) the Agency Agreement (which is available on the website of the Issuer at <https://www.fsitaliane.it/content/fsitaliane/en/investor-relations.html>);
- (g) the Deed of Covenant (which is available on the website of the Issuer at <https://www.fsitaliane.it/content/fsitaliane/en/investor-relations.html>); and
- (h) the Programme Manual (which contains the forms of the Notes in global and definitive form) (available on the website of the Issuer at <https://www.fsitaliane.it/content/fsitaliane/en/investor-relations.html>);
- (i) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form) (available on the website of the Issuer at <https://www.fsitaliane.it/content/fsitaliane/en/investor-relations.html>).

Material Contracts

Neither the Issuer nor any member of the Group has entered into any contracts outside the ordinary course of business that is material to the Issuer's ability to meet its obligations in respect of the Notes.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information. 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 S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Issue Price and Yield

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

Passporting

The Issuer may, on or after the date of this Base Prospectus, make applications for one or more certificates of approval under Article 20(8) of the Prospectus Regulation as implemented in the Republic of Ireland to be issued by the Central Bank of Ireland to the competent authority in any Member State.

Copy of 2006 ISDA Definitions

Investors should consult the Issuer should they require a copy of the 2006 ISDA Definitions.

Dealers transacting with the Issuer

Certain of the Dealers and/or their affiliates have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and/or their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and/or their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers and/or their affiliates 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/or their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and/or their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "**affiliates**" includes also parent companies.

LEI

The Legal Entity Identifier of the Issuer is 549300J4SXC5ALCJM731.

REGISTERED OFFICE OF THE ISSUER

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UniCredit Bank AG

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Banco Santander, S.A.

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The Netherlands

NatWest Markets N.V.
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The Netherlands

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LISTING AGENT

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To the Dealers as to English and Italian law:

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