

**SECOND SUPPLEMENT DATED 29 JUNE 2017  
TO THE BASE PROSPECTUS DATED 18 NOVEMBER 2016**



**Italgas S.p.A.**  
*(Incorporated with limited liability in the Republic of Italy)*

**€2,800,000,000 Euro Medium Term Note Programme**

This supplement (the **Supplement**) to the base prospectus dated 18 November 2016, as amended by a supplement on 11 January 2017 (together, the **Base Prospectus**), constitutes a supplement for the purposes of Article 13 of Chapter 1 of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the **Prospectus Act**) and is prepared in connection with the €2,800,000,000 Euro Medium Term Note Programme (the **Programme**) established by Italgas S.p.A. (the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplement. 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 this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

In accordance with Article 13, paragraph 2 of the Prospectus Act, to the extent applicable, any investors who have already agreed to purchase or subscribe for Notes which have not been issued before this Supplement is published have the right, exercisable within a time limit of two working days after the publication of this Supplement, to withdraw their acceptances. This right to withdraw shall expire at close of business on 3 July 2017.

#### **PURPOSE OF THE SUPPLEMENT**

The purpose of this Supplement is to (a) incorporate by reference the Issuer's audited consolidated annual financial statements for the financial year ended 31 December 2016 included in the Issuer's 2016 annual report (the **2016 Annual Report**); (b) update the disclosure in the "*Risk Factors*" section to reflect certain recent developments, (c) update the disclosure in the "*Description of the Issuer*" section to reflect certain recent developments; (d) update the disclosure in the "*Regulatory and Legislative Framework*" section to reflect

certain recent developments and (e) update the disclosure in the “*Taxation*” section to reflect certain recent developments.

#### **(a) 2016 ANNUAL REPORT**

On 23 March 2017, the Board of Directors approved the consolidated annual financial statements for the financial year ended 31 December 2016 and the draft annual financial statements of the Issuer for the financial year ended 31 December 2016, and proposed the distribution of a dividend of Euro 0.20 per share. On 28 April 2017 the Shareholders’ Meeting approved the draft annual financial statements of the Issuer for the financial year ended 31 December 2016 and the distribution of a dividend of Euro 0.20 per share.

On 3 April 2017, the Issuer published the 2016 Annual Report which includes, among other things, the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2016.

A copy of the 2016 Annual Report has been filed with the *Commission de Surveillance du Secteur Financier* and, by virtue of this Supplement, the information set out in the cross-reference list below, which is contained in the 2016 Annual Report, is incorporated by reference in, and forms part of, the Base Prospectus.

Balance Sheet	Pages 108 to 109
Income Statement	Page 110
Statement of Comprehensive Income	Page 111
Statement of Changes in Shareholders’ Equity	Page 112
Cash Flows Statement	Pages 113 to 114
Notes to The Consolidated Financial Statements	Pages 115 to 193
Audit Report	Pages 195 to 196

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No. 809/2004 (as amended).

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

Pursuant to Article 154-bis, paragraph 2, of Legislative Decree No. 58, 24 February 1998 (as amended) (*Testo Unico della Finanza*), the manager responsible for preparing the accounting and corporate documents, Claudio Ottaviano, declares that the accounting information incorporated by reference into the Base Prospectus by virtue of this Supplement corresponds to documents, accounting ledgers and other records.

#### **(b) Risk Factors**

The section of the Base Prospectus entitled “*Risk Factors*” shall be updated as follows:

- (i) On page 9 of the Base Prospectus, in the sub-section entitled “*Market and competition risks. Risks associated with the expiration and renewal of gas distribution concessions*”, the second paragraph shall be deleted and replaced with the following:

*“As at the date of approval of this Supplement, 19 invitations were published for a total of 20 ATEMs (Cremona 2 and Cremona 3 were grouped together), of which one was withdrawn and five were suspended. For a further nine invitations to tender, the bid submission dates, or rather the pre-qualification request dates, were postponed. Furthermore, it is known that some of the invitations already published were subject to appeal by different operators, which challenged that the above-mentioned invitations were not in full compliance with the aforementioned legislation.”*

- (ii) On page 13 of the Base Prospectus, the following paragraph shall be inserted after the sub-section entitled “*Risks associated with the execution of Italgas’s strategic plan*”:

***“Approval of a new strategic plan by Italgas***

*On 30 May 2017, the Board of Directors of Italgas approved a new strategic plan defining the guidelines and the targets of the Italgas Group for the 2017 - 2023 period, replacing the Italgas Strategic Plan approved on 5 September 2016 and confirming the strategy announced when Italgas listed on the stock exchange. The new strategic plan provides estimates and figures based on future developments and events, such as, inter alia, overall investments by the Italgas Group of Euro 5 billion; a projected increase of the consolidated RAB; the implementation of the operational efficiency programme, financial efficiency and an updated dividend policy.”*

- (iii) On page 18 of the Base Prospectus, in the sub-section entitled “*Risks associated with the continuity of Italgas Group activities and related costs*”, the fifth paragraph shall be deleted and replaced with the following:

*“The services that continued until 30 April 2017 mainly involved internal communication, regulatory matters, investor relations methodology, Enterprise Risk Management, planning and monitoring, accounting principles and methodologies relating to Law No. 262 of 28 December 2005 on the protection of savings and the regulation of financial markets, institutional relations, external communication and sustainability.”*

- (iv) On page 19 of the Base Prospectus, the sub-section entitled “*Risks associated with the energy efficiency certificates market*”, shall be deleted in its entirety and replaced with the following:

*“White certificates, also known as “Energy Efficiency Certificates” (EECs), are negotiable securities that certify the achievement of energy savings for end users of energy through projects and work increasing energy efficiency evaluated and approved by the energy services operator (GSE).*

*The white certificate mechanism was established by the Ministry of Productive Activities, in consultation with the Ministry of the Environment and Protection of the Land through the Ministerial Decree of 20 July 2004, subsequently amended and supplemented by the Ministerial Decree of 21*

December 2007, the Ministerial Decree of 28 December 2012 and, lastly, the Ministerial Decree of 11 January 2017, published in the Italian Official Gazette (*Gazzetta Ufficiale Italiana*) on 3 April 2017, General Series No. 78.

*In particular, the latter defines the national quantitative targets to increase energy efficiency, expressed as TOE (tonnes of oil equivalent), for the 2017-2020 four-year period.*

*Companies that distribute gas and/or electrical energy with a number of users above 50,000 units are defined as covered entities and have a target defined in terms of EECs to be achieved annually (from 1 June to 31 May of the following year).*

*The target quota that must be achieved by an individual distribution company is determined by the ratio between the quantity of natural gas and/or electrical energy distributed to its end customers, as self-certified, and the quantity of natural gas and/or electrical energy distributed throughout the territory of the nation as determined and reported annually by the AEEGSI.*

*In this context Italgas represents the number two covered entity, with applicability higher than 10% over the national target (9.5 million TOE for the 2016 obligation year).*

*Covered entities can achieve the targets assigned by directly performing work for energy savings or, alternatively, acquiring EECs on the organised GME market or through bilateral agreements with qualified operators.*

*EECs are issued and managed by the Energy Markets Operator (GME) in compliance with the provisions of the Ministerial Decree of 11 January 2017.*

*To enable covered entities to recover all or part of the costs incurred for the procurement of EECs, the establishment of a specific component of the electricity and/or gas distribution tariff has been envisioned.*

*The AEEGSI, by Resolution of 23 January 2014 (13/2014/R/EFR), has decided on the mechanism for calculating the tariff contribution to cover the costs incurred by distributors subject to the obligations involving EECs until the end of the 2016 obligation year; this contribution has been updated annually according to the weighted average prices of trades made on the organised market in the obligation year in reference.*

*The disbursement of the total annual tariff contribution pertaining to each covered distributor is made by the Energy and Environmental Services Fund (CSEA).*

*The tariff contribution paid could be lower than the average purchase price of the securities. Specifically, with regard to the obligation to purchase approximately 970,000 EECs for 2015, the contribution made by the CSEA in 2016 did not allow Italgas Reti to fully recover the expense incurred for the purchase resulting in a negative average margin of €9 for each EEC purchased. In the eventuality of a negative difference between the average price for acquiring certificates and the tariff*

contribution recognised, and of a resulting economic loss, this may have negative effects on the operations, and on the results and economic and financial position, of the Italgas Group.

Significant changes to the method of calculating the tariff contribution (previously defined by AEEGSI Resolution 13/2014/R/efr) to be paid to distributors compliant to energy efficiency obligations, have been made by the AEEGSI with Resolution 435/2017/R/efr. The new Regulation is established for the 2017-2020 obligation years and its main updates are the following:

- a) *The distribution company can now take the option introduced by the new Ministerial Decree of 11 January 2017, described below, to submit EECs to the GSE also by 30<sup>th</sup> November of each year and, consequently, with this new Resolution in force, to obtain from CSEA a deposit that will partly cover the costs incurred. This payment will be balanced at the final tariff contribution level that will be established at the end of the obligation year (by 31<sup>st</sup> of May of the following year);*
- b) *The tariff contribution is now more inertial towards market prices' behaviour than before;*
- c) *From 2017 on, EECs obtained to comply to the previous year's obligation will be covered by the supply of the previous year's tariff contribution level (on an "accrual basis");*
- d) *For some parameters, a transitional regime is introduced for year 2017, to allow a smooth change from the previous Regulation.*

*Among the major innovations made with respect to the previous Ministerial Decree of 28 December 2012 and the Guidelines attached to the AEEGSI Resolution EEN no. 9/11, the new Ministerial Decree of 11 January 2017:*

- a) *establishes with regard to the verification of the achievement of the targets, notwithstanding the expiration of the year of the obligation set for 31 May of the following year, that distributors subject to the obligation to submit white certificates to the GSE may submit white certificates twice a year (by 31 May and 30 November of each year) rather than once a year, as provided in previous legislation;*
- b) *establishes that if a distributor subject to the obligations achieves a compliance rate of less than 100%, but at least 60%, it may offset the residual quota in the following year, rather than in the following two years, as previously provided, without incurring any penalties;*
- c) *predicts that the white certificates attesting to the achievement of primary energy savings are of four types rather than five, as previously considered;*
- d) *predicts that white certificates will be issued for periods of three to ten years (such a period being the "useful life"), depending on the type of energy savings they achieve, rather than for five year-periods, as envisaged by previous legislation;*
- e) *foresees that two evaluation methods for the projects (being "ex post" and "standardized") shall be defined, rather than three, as per the existing Guidelines which also provided the analytical evaluation method."*

- (v) On page 28 of the Base Prospectus, in sub-section entitled “U.S. Foreign Account Tax Compliance Act withholding may affect payments on the Notes”, the first sentence of the second paragraph shall be deleted and replaced with the following:

*“In the case of Notes which are in global form and held within Euroclear Bank SA/NV or Clearstream Banking SA (together, the ICSDs), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs.”*

**(c) Description of the Issuer**

The section of the Base Prospectus entitled “Description of the Issuer” shall be updated as follows:

- (i) On page 99 of the Base Prospectus, in the sub-section entitled “Overview”, the fifth paragraph shall be deemed deleted and replaced by the following paragraph:

*“As at the date of approval of this Supplement, the Issuer holds directly 100% of the share capital of Italgas Reti and (indirectly, through its shareholding in Italgas Reti) 100% of the share capital of Acam Gas and of Napoletanagas.”*

- (ii) On page 99 of the Base Prospectus, in the sub-section entitled “Overview”, the eleventh paragraph shall be deleted and replaced by the following:

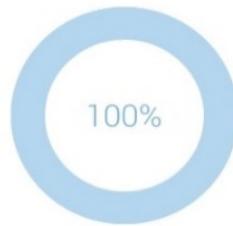
*“As at the date of approval of this Supplement, on the basis of the shareholders’ register, communications received pursuant to CONSOB Regulation No. 11971/1999 (as amended) and other information available to the Issuer, as far as the Issuer is aware, the main shareholders directly or indirectly owning an interest greater than 3% of Italgas’ share capital are (i) CDP, with an overall 26.05% stake of the ordinary share capital, held through CDP Reti S.p.A. (ii) Snam with a stake of 13.50% of the ordinary share capital of the Issuer, (iii) Lazard Asset Management with a stake of 7.28% of the ordinary share capital and (iv) Mr. Romano Minozzi who holds, also through his companies Iris Ceramica Group S.p.A, GranitiFiandre and Finanziaria Ceramica Castellano S.p.A., 4.17% of the ordinary share capital. The remaining (free float) is held by other shareholders. See “Principal Shareholders” below”.*

- (iii) On page 104 of the Base Prospectus, in the sub-section entitled “Group Structure”, the table shall be deleted and replaced by the following:

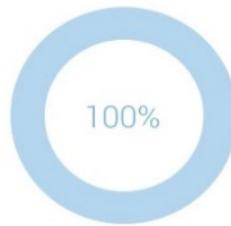
AREA CONSOLIDAMENTO

**IG** Italgas

**IG** Italgas  
Reti

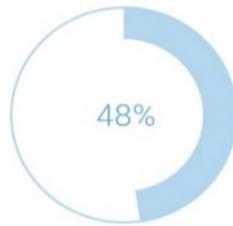


**IG**  
Napoletanagas

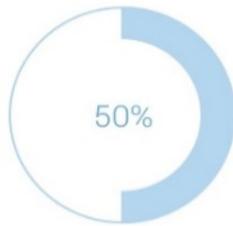


**IG**  
Acamgas

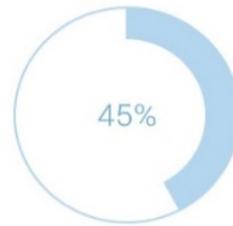
AFFILIATE NON CONSOLIDATE



**toscana**  
**energia**



**IG**  
Metano Sant'Angelo  
Lodigiano



**UMBRIA**  
Distribuzione Gas

- (iv) On page 109 of the Base Prospectus, the sub-section entitled “Employees” shall be deleted in its entirety and replaced with the following:

*“As at 31 December 2016, the Italgas Group had 3,570 employees. The tables below show the number of personnel employed in each contractual position and the number employed by each company, together with a comparison against the previous year:*

<b>Personnel in service by position (number)</b> .....	<b>2015<sup>1</sup></b>	<b>2016<sup>2</sup></b>	<b>Change</b>
Executives .....	30	56	26
Managers .....	180	237	57
Office workers .....	1.699	1.896	197
Manual workers .....	1.389	1.381	- 8
	<b>3.298</b>	<b>3.570</b>	<b>272</b>

<b>Personnel in service by Company</b>	<b>2015<sup>1</sup></b>	<b>2016<sup>2</sup></b>	<b>Change</b>
Italgas S.p.A. ....	-	337	337
Italgas Reti .....	2.589	2704	115
Az.Ene.Serv.To <sup>3</sup> .....	179	0	-179
Napoletana Gas .....	438	437	-1
Acam Gas .....	92	92	0
	<b>3.298</b>	<b>3.570</b>	<b>272</b>

<sup>1</sup>Italgas Reti Group

<sup>2</sup>Italgas Group

<sup>3</sup>On 1 January 2016, Az Ene. Serv.To was merged by incorporation into Italgas Reti.

- (v) On page 112 of the Base Prospectus, in the sub-section entitled “Material Litigation” - “Criminal Proceedings”, under the heading “Cerro Maggiore/via Risorgimento Event”, the paragraph shall be deleted in its entirety and replaced with the following:

*“With reference to the investigations launched by the Public Prosecutor at the Court of Busto Arsizio regarding an incident which took place on 11 November 2015 during an emergency repair at the Municipality of Cerro Maggiore, a notice was recently published on the conclusion of the preliminary investigations of those under investigation and Italgas Reti, which was accused of allegedly having failed to adopt safety prevention measures. The company will work on the most appropriate defence to ensure it is extricated from this situation.”*

- (vi) On page 113 of the Base Prospectus, in the sub-section entitled “Material Litigation” - “Other Proceedings”, the paragraph under the heading “Immobiliare Santa Caterina (now I.G.P. S.p.A.) / Napoletanagas” shall be deleted in its entirety and replaced with the following:

*“Following a property purchase transaction concluded on 20 December 2001, Immobiliare Santa Caterina, as purchaser, has summoned Napoletanagas before the Court of Naples claiming damages based on the contractual liability of Napoletanagas, as vendor, and has requested compensation of Euro 12,095,213.72 for damage suffered. In the last hearing, on 27 April 2017, the parties agreed to a settlement in court according to which Napoletanagas would pay the amount of Euro 3.636.655,00 for*

*the damage suffered by the purchaser and the amount of Euro 61.716,57 for the legal costs incurred by the same. The payment has been made.”*

- (vii) On page 113 of the Base Prospectus, in the sub-section entitled “*Material Litigation*” - “*Other Proceedings*”, the following paragraph shall be inserted after the paragraph heading “*Immobiliare Santa Caterina (now I.G.P. S.p.A.) / Napoletanagas*”:

***“Italgas Reti / Municipality of Venice***

*Italgas Reti started a proceeding before the competent Administrative Court, against the decision of Municipality of Venice to reduce the redemption value of the assets under concession due to Italgas Reti by € 31,000,000. The Municipality of Venice claims to have acquired the ownership of part of the natural gas distribution network by virtue of a free of charge transfer provided by the public service concession contract. On the other hand, Italgas Reti claims that the Municipality of Venice did not take into account the addendum agreement related to the expiration date of the concession. The Administrative Court has already suspended the tender procedure related to ATEM Venezia 1 and currently Italgas Reti is waiting for the judgement.”*

- (viii) On page 113 of the Base Prospectus, in the sub-section entitled “*Material Litigation*”, under the heading “*AEEGSI Proceedings*”, the third paragraph shall be deleted in its entirety and replaced with the following:

*“Resolution 33/2012/S/GAS - The AEEGSI has launched infringement proceedings against Italgas Reti S.p.A., disputing, specifically, the failure, by the Company to comply, with regard to the Venice network distribution, with the obligation to recondition or replace, by 31 December 2010, at least 50% of the hemp- and lead-sealed joints in operation as at 31 December 2003, as set out in Article 12(7) letter b) of the Regulation of the Quality of Gas Distribution and Metering Services (Annex RGDQ to the Resolution ARG/gas 120/08 for years 2009-2012). At the end of the proceedings, by resolution n. 197/2017/S/gas Italgas Reti was ordered to pay the amount of Euro 204,000. Italgas Reti commenced proceedings against the above mentioned resolution of the AEEGSI which are currently pending before the competent Administrative Court.”*

- (ix) On page 113 of the Base Prospectus, in the sub-section entitled “*Principal Shareholders*”, the third and fourth paragraphs, together with the corresponding table, shall be deemed deleted and replaced by the following paragraphs and table:

*“As at the date of approval of this Supplement, on the basis of the shareholders’ register, communications received pursuant to CONSOB Regulation No. 11971/1999 (as amended) and other information available to the Issuer, as far as the Issuer is aware, the main shareholders directly or indirectly owning an interest greater than 3% of Italgas’ share capital are (i) CDP, with an overall 26.05% stake of the ordinary share capital, held through CDP Reti S.p.A. (ii) Snam with a stake of 13.50% of the ordinary share capital of the Issuer, (iii) Lazard Asset Management with a stake of 7.28% of the ordinary share capital and (iv) Mr. Romano Minozzi who holds, also through his companies Iris Ceramica Group S.p.A, GranitiFiandre and Finanziaria Ceramica Castellarano S.p.A., 4.17% of the ordinary share capital. The remaining (free float) is held by other shareholders.*

As at the date of approval of this Supplement, based on information in Issuer's shareholders' register, communications received pursuant to CONSOB Regulation No. 11971/1999 (as amended) and other information available to the Issuer, as far as the Issuer is aware, the shareholders owning interests in excess of 3% of the Issuer's ordinary shares are as follows:

<b>Declarant</b>	<b>Direct shareholder</b>	<b>Proportion of ordinary share capital (%)</b>	<b>Total share % of the declarant</b>
CDP	CDP Reti	26.05	26.05
Snam	Snam	13.50	13.50
Lazard Asset Management	Lazard Asset Management	7.28	7.28
Romano Minozzi	Finanziaria Ceramica Castellarano S.p.A.	0.23	4.17
	Granitifiandre S.p.A.	0.38	
	Iris Ceramica Group S.p.A.	1.48	
	Romano Minozzi	2.08	

- (x) On page 114 of the Base Prospectus, the following paragraph shall be added at the end of the sub-section entitled "Principal Shareholders":

*"On 1 May 2017 CDP Gas S.r.l. was merged by incorporation into CDP. Following the merger, CDP succeeded CDP Gas S.r.l. in the ownership of Italgas shares also for the purposes of the Shareholders' Agreement. As of 19 May 2017, such shares have been transferred to CDP RETI, which was already a shareholder of Italgas with a stake of 25.08% and, from such date, CDP is consequently no longer a party of the Shareholders' Agreement."*

- (xi) On page 115 of the Base Prospectus, in the sub-section entitled "Principal Shareholders" - "Brief description of the main shareholders" - "CDP", the second paragraph shall be deleted and replaced with the following:

*"As at the date of approval of this Supplement, CDP Reti S.p.A. holds 26.05% of the ordinary shares of the Issuer".*

- (xii) On page 115 of the Base Prospectus, in the sub-section entitled "Principal Shareholders" - "Brief description of the main shareholders" - "CDP", the following paragraph shall be deleted:

*"CDP Gas S.r.l. (which is 100% owned by CDP) holds 0.97% of the ordinary shares of the Issuer."*

- (xiii) On page 120 of the Base Prospectus, in the sub-section entitled “*Current Board Members*”, the followings words shall be deleted in the paragraph heading “*Lorenzo Bini Smaghi (Chairman)*” after the words “*He is Chairman of the Board of Directors of Société Générale S.A.*”:

*“and Chiantibanca – Credito Cooperativo,”.*

- (xiv) On page 121 of the Base Prospectus, in the sub-section entitled “*Current Board Members*”, the paragraph heading “*Paolo Gallo (CEO)*” shall be deleted and replaced with the following:

**“Paolo Gallo (CEO and General Manager).** *Born in Turin in 1961, he gained a degree in Aeronautical Engineering at the Polytechnic of Turin. He later gained an MBA from the Università degli Studi di Torino. From 2014 to 2016 he was CEO of Grandi Stazioni S.p.A., where he finalised the privatization of the company. Previously (2011-2014) he was firstly General Manager and then CEO of Acea S.p.A., one of the leading Italian multi-utility companies, listed on the Milan stock exchange. From 2002 to 2011 he was part of the Edison Group, first as Director of Strategy and Innovation and later from 2003 to 2011 as General Manager and then CEO of Edipower. He began his career at Fiat Avio S.p.A. in 1988 where he held various positions of responsibility for 13 years. In 1997 he began to get involved in the energy sector developing new initiatives in Italy, India and Brazil and later combined all the electricity generation activities for the Fiat Group at Fiat Energia (where he was CEO until 2002), the vehicle company through which the Fiat Group bought Montedison in July 2001. Between 1992 and 1993 he was Director of the MBA course at the School of Business Management of the University of Turin teaching on “The economic-financial evaluation of industrial investments” until 2002 and he was the co-author of important publications in the industry.”*

- (xv) On page 121 of the Base Prospectus, in the sub-section entitled “*Current Board Members*”, the paragraph heading “*Nicola Bedin (Director)*” shall be deleted and replaced with the following:

**“Nicola Bedin (Director).** *Born in Montebelluna (TV) in 1977. Since 2005 he has been the CEO of the Gruppo Ospedaliero San Donato which, with revenues of Euro 1.5 billion is the leading Italian operator in the hospital sector. He has also been the CEO of the Ospedale San Raffaele since May 2012, the date it joined the scope of consolidation of the Group. Since 2015 he has also been the CEO of the Vita-Salute San Raffaele University. He gained a degree in Business Administration from the Bocconi University. He spent the fourth year of high school in the United States, where he returned during his university studies, to the University of Texas, Austin and the University of California, Berkeley. He began his career as a financial analyst at Mediobanca, in 2001. He is a visiting professor at the Vita-Salute San Raffaele University and at the University of Pavia, teaching health economics and applied economics. He has been a member of the national board of AIOP (Associazione Italiana Ospedalità Privata - Italian Association of Private Hospitals) since 2012 and the Executive Committee of AIOP Lombardy since 2005. He has been a member of the Board of the Assolombarda Gruppo Sanità since March 2010, as well as the Assolombarda Advisory Board Life Science since May 2015.”*

- (xvi) On page 122 of the Base Prospectus, in the sub-section entitled “*Current Board Members*”, the paragraph heading “*Yunpeng He (Director)*” shall be deleted and replaced with the following:

**“Yunpeng He (Director).** *Born in Batou (China) in 1965, he gained a degree in Electrical Systems*

and Automation from the University of Tianjin. After this, he gained a Master's Degree in Technology Management from the Rensselaer Polytechnic Institute (RPI). He is currently on the Board of Directors of CDP Reti, Terna S.p.A. and Snam S.p.A. He held the office of Deputy General Manager of the European Representative Office of the State Grid Corporation of China from January 2013 until December 2014. He has held the following posts at the State Grid Tianjin Electric Power Company: Vice Chief Technical Officer from December 2008 to September 2012, Director of the Economic and Legal Department from June 2011 to September 2012, Director of the Planning and Development Department from October 2005 to December 2008, Director of the Planning and Design Department from January 2002 to October 2005. Lastly, he was Head of the Tianjin Binhai Power Company from December 2008 to March 2010 and Chairman of the Tianjin Electric Power Design Institute from June 2000 to January 2002."

- (xvii) On page 122 of the Base Prospectus, in the sub-section entitled "Current Board Members, the paragraph heading "Paolo Mosa (Director)" shall be deleted and replaced with the following:

**"Paolo Mosa (Director).** Born in Cremona in 1960. Bachelor of Mechanical Engineering from the Polytechnic University of Milan. Since November 2016, he has headed the Snam's Commercial, Regulation and Development Business Unit Commerciale. He began his carrier at Snam Group in 1987. Between 2000 and 2001, he was responsible from coordinating Snam's foreign subsidiaries, owners of the transport infrastructure required for importing natural gas into Italy. During this period, he served as CEO of TMPC Ltd. and was a member of the board of directors of TAG GmbH, TENP GmbH, TTPC Ltd. and Transitgas SA. Until 2002, he was also a member of the Board of Directors of TIGAZ, one of the main gas distribution companies in Hungary. In 2001, he was appointed Director responsible for network development investment planning activities at Snam Rete Gas, as well as being responsible for managing transport contracts and relations with the Italian Authority for Electricity and Gas. From 2009 to 2012, he was part of the Board of ENTSOG (European association of gas transport companies). Until 2008, he was also a member of the board of directors of GNL Italia, the company that manages the LNG regassification plant located in Panigaglia (La Spezia). From 2010 to 2014, he was CEO of Italgas. From 2014 to 2016, he was CEO of Snam Rete Gas. Since December 2014, he has been Chairman of the Supervisory Board of Tag GmbH and is also currently a member of the Board of Directors of Snam Rete Gas S.p.A."

- (xviii) On page 122 of the Base Prospectus, in the sub-section entitled "Current Board Members", the paragraph heading "Paola Annamaria Petrone (Director)" shall be deleted and replaced with the following:

**"Paola Annamaria Petrone (Director).** Born in Milan in 1967, she gained a degree in Modern Languages and Literature from the IULM University of Milan. She later gained an MBA from the SDA Bocconi School of Management, Milan. She is currently a member of the Board of Directors of AAMPS S.p.A. She was the General Manager of AMSA of the A2A Group from 2012 to 2015. Previously, she worked for the FCA Group, firstly as Global Director Outbound Logistics and CEO of I-Fast Automotive Logistics and later on, from 2010, as Global Senior Vice President Supply Chain Management of FCA and Chair of I Fast Container Logistics. Between 2003 and 2008 she worked at Trenitalia, holding

various posts, most recently as Director of Regional Transport for Lombardy. From 2000 to 2002 she worked as a Manager at Roland Berger Strategy Consultants. She started out on her career at the Siemens Group, firstly as Inbound Logistics Coordinator of the Milan Industrial Automation Division, then as Key Account Logistics Manager for Italy at the parent company in Germany.”

- (xix) On page 123 of the Base Prospectus, in the sub-section entitled “Current Board Members”, the table shall be deleted and replaced by the following:

Name	Company	Office/Stake held	Status of the office / stakeholding as at the date of approval of this Supplement
Lorenzo Bini Smaghi	Société Générale S.A.	Chairman of the BoD	In office
	Tages Holding S.p.A.	Director	In office
Paolo Gallo	Italgas Reti S.p.A.	Chairman of the BoD	In office
	Errenergia S.r.l.	Director	In office
Nicola Bedin	Policlinico San Donato S.p.A.	Chief Executive Officer	In office
	Ospedale San Raffaele S.r.l.	Chief Executive Officer	In office
	H. San Raffaele Resnati S.p.A.	Chief Executive Officer	In office
	Casa di Cura La Madonnina S.p.A.	Vice Chairman of the BoD	In office
	Villa Erbosa S.p.A.	Chairman of the BoD	In office
	GSD Clinica Odontoiatrica S.r.l.	Vice Chairman of the BoD	In office
	BLP S.r.l.	Chairman of the BoD	In office
	Società Agricola Cerere S.r.l.	Chairman of the BoD	In office
	Smart Dental Clinic S.r.l.	Vice Chairman of the BoD	In office
	SAT S.r.l.	Chairman of the BoD	In office
	REWA S.r.l.	Chairman of the BoD	In office
	Istituti Clinici di Pavia e Vigevano S.p.A.	Director	In office
	Istituto Ortopedico Galeazzi S.p.A.	Director	In office
	Istituti Ospedalieri Bresciani S.p.A.	Director	In office
	Istituti Clinici Zucchi S.p.A.	Director	In office
	Istituto Clinico Villa Aprica S.p.A.	Director	In office
	GSD Sistemi e Servizi S.c.a.r.l.	Director	In office
	Istituti Ospedalieri Bergamaschi S.r.l.	Director	In office
	GSD Food & Wine S.r.l.	Director	In office
	Fondazione Centro San Raffaele	Director	In office
Società Agricola Cerere S.r.l.	Shareholder	51,28 %	
BLP S.r.l.	Shareholder	51%	
Barbara Borra	Brembo S.p.A.	Director	In office
	Fontana (fasteners)	EMEA Chief Executive Officer	In office

	Randstad Holding NV	Director	In office
Maurizio Dainelli	none	none	none
Cinzia Farisè	Trenord S.r.l.	Chief Executive Officer	In office
	Concessioni Autostradali Lombarde S.p.A.	Director	In office
	TiLo S.A.	Chairman of the BoD	In office
	UBI Banca S.p.A.	Shareholder (250 shares)	In office
Yunpeng He	CDP Reti S.p.A.	Director	In office
	Snam S.p.A.	Director	In office
	Terna S.p.A.	Director	In office
Paolo Mosa	Snam Rete Gas S.p.A.	Director	In office
Paola Annamaria Petrone	AAMPS S.p.A.	Director	In office

- (xx) On page 131 of the Base Prospectus, in the sub-section entitled “*Current Members of the Board of Statutory Auditors*” after the second paragraph shall be added the following paragraph:

*“The shareholders’ meeting held on 28 April 2017 appointed Barbara Cavalieri as Alternate Auditor, to replace Marilena Cederna, who resigned from her office with immediate effect on 20 March 2017”*

- (xxi) On page 131 of the Base Prospectus, the table shall be deemed deleted and replaced by the following:

Name	Role
Gian Piero Balducci	Standing Auditor, Chairman
Giandomenico Genta	Standing Auditor
Laura Zanetti	Standing Auditor
Barbara Cavalieri	Alternate Auditor
Walter Visco	Alternate Auditor

- (xxii) On page 132 of the Base Prospectus, in the sub-section entitled “*Current Members of the Board of Statutory Auditors*”, the following sentence shall be inserted at the end of the paragraph heading “*Gian Piero Balducci (Chairman of the Board of Statutory Auditors)*”:

*“He is the Chairman of the Board of Statutory Auditors and a Standing Auditor of companies operating in the fields of large-scale retail, asset management, pharmaceuticals and holding companies.”*

- (xxiii) On page 132 of the Base Prospectus, in the sub-section entitled “*Current Members of the Board of Statutory Auditors*”, the paragraph heading “*Giandomenico Genta (Standing Auditor)*” shall be deleted and replaced by the following:

**“Giandomenico Genta (Standing Auditor). Born in Valdagno (VI) in 1957. He is an accountant who**

gained a degree in Economics and Business Management from the Universitas Mercatorum of Rome. He worked from 1984 as a freelancer and as owner of the Studio Amministrativo and Tributario Genta & Cappa with offices in Cuneo. Currently, among other things, he holds the post of Chairman of the Board of Statutory Auditors and standing auditor of the following companies: Finanziaria Sviluppo Impresa S.p.A., Autostrade per l'Italia S.p.a. and Equitalia S.p.A. He is the Chairman of the Board of Directors of Satisfay S.p.A. (an innovative start-up) and of the Fondazione Cassa di Risparmio di Cuneo. He is a member of the supervisory body of Ferrero Industriale Italia S.r.l. He also lectures as an adjunct professor at the University of Gastronomic Sciences. In addition, he is an expert for the Scientific Disciplinary, Economics and Business Management Sector, Management Department of the University of Turin. He is a Registered Auditor and a Statutory Auditor. He is also on the register of court-appointed experts at the Chamber of Commerce, Industry, Agriculture and Artisanry of Cuneo, the Register of Technical Consultant of the Judge of the Court of Cuneo, the order of journalists in the list of publicists, as well as a member of the consultants of the Provincial Employment Department of Cuneo.”

- (xxiv) On page 132 of the Base Prospectus, in the sub-section entitled “Current Members of the Board of Statutory Auditors”, the paragraph heading “Laura Zanetti (Standing Auditor)” shall be deleted and replaced by the following:

“**Laura Zanetti (Standing Auditor).** Born in Bergamo on 26 July 1970 and gained a degree in Business Administration from the Bocconi University of Milan with honours and recommended for publication. Laura Zanetti is an Associate Professor of Corporate Finance at the Milan Bocconi University where she teaches Corporate Valuation. She is the director of the degree course in Economics and Finance, a member of the Management Council of the Department of Finance, a Research Fellow of CAREFIN, Center for Applied Research in Finance, of the Bocconi University and the author of numerous publications on finance and corporate valuation. She was the director of the Master of Science in Finance of the Bocconi University, Visiting scholar at MIT (Massachusetts Institute of Technology), LSE (London School of Economics and Political Science), HKUST (Hong Kong University of Science and Technology). She has been a Certified Accountant since 1996 and a Statutory Auditor since 1999, she is currently a member of the Board of Directors of Italmobiliare, Coima Res, Chairman of the Maria Zanetti non-profit foundation and an Auditor for Inim, Omni Re and Stella Italia.”

- (xxv) On page 132 of the Base Prospectus, in the sub-section entitled “Current Members of the Board of Statutory Auditors”, the paragraph heading “Marilena Caderna (Alternate Auditor)” shall be deleted and replaced by the following:

“**Barbara Cavalieri (Alternate Auditor)** Born in Rome in 1969, she gained a degree in Business Administration from the Ca' Foscari University of Venice and specialized in International Tax Law at the Sapienza University of Rome. She worked from 1994 as a freelancer and associate of the studio legale tributario Di Tanno e Associati. Currently she is a member of the Board of Statutory Auditors of the following companies: Thales Alenia Space Italia S.p.A., AnsaldoBreda S.p.A., Central SICAF S.p.A. She is a Certified Accountant, a Statutory Auditor and a Local Authority Auditor.”

- (xxvi) On page 132 of the Base Prospectus, in the sub-section entitled “Current Members of the Board of Statutory Auditors”, the paragraph heading “Walter Visco (Alternate Auditor)” shall be deleted and replaced by the following:

**“Walter Visco (Alternate Auditor).** Born in Uzwill (Switzerland) in 1969. He graduated in Economics and Business Studies from the LUISS Guido Carli, in 1994. He has been on the register of the Association of Certified Accountants of Isernia since 1996 and has been a member of the board since 2013. He has been on the register of Statutory Auditors since 1999 and on the register of Local Authority Auditors since 2012. He is a court-appointed expert witness and receiver for the Court of Isernia. An expert in financial accountancy, municipality and province budgets and local authority personnel; he is an expert in extraordinary corporate transactions and the management and control of businesses and public authorities. He has held the post of Chairman of the Board of Statutory Auditors at C.S.S. Cooperativa Servizi Sanitari (non-profit organisation) from 2004 to 2008 and from 2008 to 2011. He has also been an alternate auditor at the Chamber of Commerce, Industry, Agriculture and Artisanry of Isernia from 2001 to 2005.”

- (xxvii) On page 133 of the Base Prospectus, in the sub-section entitled “Current Members of the Board of Statutory Auditors”, the table shall be deleted and replaced by the following:

Name	Company	Office/Stake held	Status of the office / stakeholding as at the date of approval of this Supplement
Gian Piero Balducci	DMS Farmaceutici S.p.A.	Statutory Auditor	In office
	Comfactor – Commercio Factoring S.p.A.	Statutory Auditor	In office
	Sma S.p.A.	Alternate Auditor	In office
	Erregeest S.p.A.	Statutory Auditor	In office
	Patrimonio Real Estate S.p.A.	Statutory Auditor	In office
	Magnolia S.p.A.	Chairman of the Board of Statutory Auditors	In office
	Gallerie Commerciali Italia S.p.A.	Statutory Auditor	In office
	Auchan S.p.A.	Statutory Auditor	In office
	Galleria Cinisello S.r.l.	Statutory Auditor	In office
	IDeA Capital Funds SGR S.p.A.	Chairman of the Board of Statutory Auditors	In office
	Chronodrive Italia S.r.l.	Statutory Auditor	In office
	Zodiak Active Plus S.p.A.	Chairman of the Board of Statutory Auditors	In office
	Acciaitalia S.p.A.	Chairman of the Board of Statutory Auditors	In office
	De Agostini S.p.A.	Statutory Auditor	In office
	Dea Partecipazioni S.p.A.	Statutory Auditor	In office
	B&D Finance S.p.A.	Chairman of the Board of Statutory Auditors	In office
	Laboratorio Farmaceutico S.i.t.- Specialità igienico terapeutiche S.r.l.	Statutory Auditor	In office
Cattleya S.r.l.	Statutory Auditor	In office	

	IDEA Fimit SGR S.p.A. Ligestra S.r.l.	Statutory Auditor Chairman of the Board of Statutory Auditors	In office In office
	A.Benvenuta e C.- S.p.A.	Statutory Auditor	In office
	Praxi S.p.A.	Statutory Auditor	In office
	Suzuki Italia S.p.A.	Alternate Auditor	In office
	Flunch Italia S.r.l.	Statutory Auditor	In office
	Desma Healthcare S.p.A.	Statutory Auditor	In office
	Desma Pharma S.p.A. Permicro S.p.A.	Statutory Auditor Chairman of the Board of Statutory Auditors	In office In office
	Nobis Compagna di assicurazioni S.p.A.	Alternate Auditor	In office
	I senior S.p.A.	Statutory Auditor	In office
	Blu Acquario Prima S.p.A.	Statutory Auditor	In office
	Picco S.a.s di Gian Piero Balducci	50% General Partner	In office
	Milesformiles S.s.	Managing Partner	In office
	La Rocca S.s.	Managing Partner	In office
	Experta Consulting S.r.l.	15% Partner	In office
	Tasman Investments S.s.	50% Managing Partner	In office
	De Sonnaz S.s.	15% Partner	In office
	Montecuccoli S.s.	15% Partner	In office
	Fiore S.s.	15% Partner	In office
	Società Generale Supermercati S.p.A.	Statutory Auditor	In office
	Punto Lombardia S.p.A.	Statutory Auditor	In office
	Società Generale Distribuzione S.p.A.	Statutory Auditor	In office
	Acque Minerali S.r.l.	Chairman of the Board of Statutory Auditors	In office
	GALLERIE commerciali Sardegna S.r.l.	Statutory Auditor	In office
	Morando S.p.A.	Chairman of the Board of Statutory Auditors	In office
	Infratrasporti.To S.r.l.	Chairman of the Board of Statutory Auditors	In office
Giandomenico Genta	Finanziaria Sviluppo Impresa S.p.A. MEC S.p.A.	Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors	In office In office
	Autostrade per l'Italia S.p.A.	Standing Auditor	In office
	Essediesse S.p.A.	Standing Auditor	In office
	Infoblu S.p.A.	Standing Auditor	In office
	Società Italiana per Azioni per il Traforo del Monte Bianco	Standing Auditor	In office
	Equitalia S.p.A.	Standing Auditor	In office
	R.A.V. Raccordo autostradale Valle d'Aosta S.p.A.	Standing Auditor	In office
	Fondazione Cassa di Risparmio di Cuneo	Chairman of the BoD	In office
	Satispay S.p.A.	Chairman of the BoD and Shareholder at 1.54%	In office

	Real Estate Asset Management sgr S.p.A.	Director	In office
	Ferrero Industriale Italia S.r.l.	Member of the Supervisory Body	In office
	Studio Amministrativo e Tributario Genta & Cappa Sintesi S.r.l.	Shareholder at 50%	In office
Laura Zanetti	Italmobiliare S.p.A.	Chairman of the BoD	In office
	Coima Res S.p.A.	Director	In office
	Maria Zanetti Non-Profit Foundation	Vice Chairman of the BoD	In office
	IN.CO.FIN S.p.A.	Director and 33.33% Shareholder	In office
	Prentice S.p.A.	Director and 33.33% Shareholder	In office
	Stella Italia S.r.l.	Sole Statutory Auditor	In office
	Inim S.p.A.	Statutory Auditor	In office
	Omni Re S.p.A.	Statutory Auditor	In office
	MULTIFIN S.p.A.	40% Partner	In office
Barbara Cavalieri	Thales Alenia Space Italia S.p.A.	Standing Auditor	In office
	Ansaldobreda S.p.A.	Standing Auditor	In office
	Central SICAF S.p.A.	Standing Auditor	In office
Walter Visco	Consorzio Per lo Sviluppo Industriale Isernia-Venafro	Auditor	In office
	Sopros S.p.A.	Auditor	In office

(xxviii) On page 136 of the Base Prospectus, in the sub-section entitled “*Conflicts of Interest*”, the following words shall be inserted in the seventh paragraph after the words “*is also a member of the Board of Directors of Acam Gas*”:

“*and Napoletanagas.*”

(xxix) On page 137 of the Base Prospectus, in the sub-section entitled “*Managers with Strategic Responsibilities*”, the following sentence shall be inserted after the paragraph heading “*Alessio Minutoli (Director of Legal and Corporate Affairs and Compliance)*”:

“*From December 2016 he has been a member of the Board of Directors of Napoletanagas S.p.A.*”

(xxx) On page 137 of the Base Prospectus, in the sub-section entitled “*Managers with Strategic Responsibilities*”, the table shall be deleted and replaced by the following:

Name	Company	Office/Stake held	Status of the office / stakeholding as at the date of approval of this Supplement
Antonio Paccioretti	Italgas Reti	Director	In office
Pier Borra	Napoletanagas	Director	In office
	Toscana Energia S.p.A.	Director	In office
	Acam Gas S.p.A.	Director	In office

Alessio Minutoli	Acam Gas S.p.A Napoletanagas	Director Director	In office In office
------------------	---------------------------------	----------------------	------------------------

(xxxii) On page 138 of the Base Prospectus, in the sub-section entitled “Service Agreements”, the fourth paragraph shall be deleted and replaced by the following:

*“The service agreements govern the provision of different services for varying durations as follows:*

- 1. for certain activities, Snam has provided back-up and hand-over support for a limited period (until 30 April 2017) to ensure that Italgas has received the necessary expertise and resources to manage such areas independently after a short transition. These activities included certain human resources matters (planning, selection and development of human resources and labour matters), internal communication, regulatory matters, investor relations methodology, Enterprise Risk Management, planning and monitoring, accounting principles, methodologies relating to Law No. 262 of 28 December 2005 on the protection of saving and regulation of financial markets, institutional relations, external communication and sustainability;*
- 2. certain other activities will require a slightly longer transition period to ensure smooth continuity (until 31 July 2017) mainly due to technical restrictions relating to the information systems. These activities include financial accounting and collections and payments, accrual based accounting, credit management, security services, tax and tariffs advice, legal services. As regard data management, some data (e.g. suppliers, customers, accounts plan, merchandise groups) will remain shared until the cloning of Snam's SAP system, which is expected to take place in September 2017. In the transition period prior to cloning, any changes to this data will be operationally implemented by Snam personnel with specific input formalised by the Italgas Group;*
- 3. a small number of services are planned to continue until 31 December 2017. They include personnel administration (including maintaining the payroll software), welfare and personnel services, information services: relating to application systems, field systems, governance and IT compliance; and*
- 4. finally, services relating to IT infrastructures, telecommunication and IT security networks are scheduled to be provided by Snam until 31 December 2019.”*

(xxxiii) On page 139 of the Base Prospectus, the sub-section entitled “Independent Auditors” shall be deleted and replaced by the following:

*“On 28 April 2017, the Shareholders’ Meeting of the Issuer, inter alia, approved: (a) the consensual resolution of the statutory audit assignment granted to Ernst & Young and (b) the assignment of the statutory audit for nine years, namely for the years ended 31 December 2017 to 2025, to PricewaterhouseCoopers (the **Independent Auditors**).*

*PricewaterhouseCoopers S.p.A. is a member of ASSIREVI, the Italian association of auditing firms.*

*PricewaterhouseCoopers S.p.A. is authorised and regulated by the Italian ministry of Economy and Finance (MEF) and registered on the special register of auditing firms held by the MEF.*

*The registered office of PricewaterhouseCoopers S.p.A. is at Viale Monte Rosa 91, Milan, 20149, Italy”.*

**(d) Regulatory and legislative framework**

The section of the Base Prospectus entitled “*Regulatory and Legislative Framework*” shall be updated as follows:

- (i) On page 148 of the Base Prospectus, at the end of the paragraph entitled “*Law Decree No. 210/2015*”, the following paragraph shall be inserted:

**“*Law Decree No. 244/2016***

*On 28 February 2017, the Italian Official Gazette, General Series No. 49, published Law No. 19/2017 converting into Law Decree n. 244/2016. According to Article 6, paragraph 5, of Law Decree No. 244/2016, the deadline for publication of the call for tenders for gas distribution concessions is postponed for 24 months in 9 ATEMs of Marche, Umbria, Abruzzo e Lazio, where there are municipalities affected by the earthquakes of August and October 2016.”*

- (ii) On page 152 of the Base Prospectus, at the end of the section entitled “*Regulatory - Tariffs - Tariff Regulation of distribution and metering services for the regulatory period 2014-2019 for distribution service on ATEM*”, the following paragraph shall be deleted:

*“With Resolution 173/2016/R/gas, published on 8 April 2016, the AEEGSI has approved the provisional reference tariffs for natural gas distribution and metering services for 2016.”*

- (iii) On page 152 of the Base Prospectus, at the end of the section entitled “*Regulatory - Tariffs - Tariff Regulation of distribution and metering services for the regulatory period 2014-2019 for distribution service on ATEM*”, the following paragraphs shall be inserted:

*“With Resolution 733/2016/R/gas, published on 9 December 2016, the AEEGSI has redefined the reference tariffs for natural gas distribution and metering services for the years 2009-2015, on the basis of requests for rectification received from certain operators by 15 September 2016.*

*With Resolution 774/2016/R/gas, published on 29 December 2016, the AEEGSI determined the mandatory tariffs for natural gas distribution and metering services for 2017.*

*With Resolution 145/2017/R/gas, published on 17 March 2017, the AEEGSI has approved the definitive reference tariffs for natural gas distribution and metering services for 2016.*

*With Resolution 146/2017/R/gas, published on 17 March 2017, the AEEGSI has redefined the reference tariffs for natural gas distribution and metering services for years the 2009-2015, on the basis of requests for rectification received from certain operators.*

*With Resolution 220/2017/R/gas, published on 7 April 2017, the AEEGSI has approved the provisional reference tariffs for natural gas distribution and metering services for 2017.*

*With Resolution 389/2017/R/gas, published on 5 June 2017, the AEEGSI has approved the operating costs referred to centralized smart meter management systems, incurred in years 2011, 2012 and 2013 by the distributing companies adopting the “buy solution”.*

## **(e) Taxation**

The section of the Base Prospectus entitled “*Taxation*” shall be updated as follows:

On page 158 of the Base Prospectus, the sub-section entitled “*Luxembourg Taxation*” shall be deleted and replaced by the following:

### **“LUXEMBOURG TAXATION**

*The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l’emploi*), as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax net wealth tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.*

### **Withholding Tax**

#### **(a) Non-resident holders of Notes**

*Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.*

#### **(b) Resident holders of Notes**

*Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 introducing a final withholding tax on certain interest deriving from savings income, as amended (the **Relibi Law**), there is no withholding tax on payments of principal, premium or interest made to*

Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent (all terms in the sense of the Relibi Law) established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of currently 20%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth (the **20% Withholding Tax**). Responsibility for the withholding of such tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Notes coming within the scope of the Law will be subject to a withholding tax at a rate of currently 20%.

An individual beneficial owner of interest or similar income who is a resident of Luxembourg and acts in the course of the management of his private wealth may opt for a final withholding tax of 20 % when he/she receives or is deemed to receive such interest or similar income from a paying agent established in another EU Member State (other than Luxembourg) or in a State of the European Economic Area (which is not an EU Member State) (the **Self-Assessed 20% Withholding Tax**).

## **Income Taxation**

### **(a) Non-resident holders of Notes**

A non-resident holder of the Notes, not having a permanent establishment or permanent representative in Luxembourg to which/whom such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realised by such non-resident holder of the Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate holder of Notes or an individual holder of Notes acting in the course of the management of a professional or business undertaking, that has a permanent establishment or permanent representative in Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, of the Notes.

### **(b) Resident holders of Notes**

Holders of Notes who are residents of Luxembourg will not be liable to any Luxembourg income tax on repayment of principal.

#### **(i) Luxembourg resident corporate holders of Notes**

A corporate holder of Notes must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in

any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

*A corporate holder of Notes that is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 23 July 2016 on reserved alternative investment funds not investing in risk capital thereof is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Notes.*

**(ii) Luxembourg resident individual holders of Notes**

*An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) 20 % Withholding Tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual holder of the Notes has opted for the application of a Self-Assessed 20 % Withholding Tax in full discharge of income tax in accordance with the Relibi Law.*

*A gain realised by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.*

*An individual holder of Notes acting in the course of management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the 20 % withholding tax levied in accordance with the Relibi Law would in that case not be treated as final withholding tax but can be credited against his/her final personal income tax liability.*

**Net Wealth Taxation**

*A corporate holder of Notes, whether it is a resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg net wealth tax on such Notes, except if the holder of Notes is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 23 July 2016 on reserved alternative investment funds, or is a*

securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended<sup>1</sup>.

An individual holder of Notes, whether he/she is a resident of Luxembourg or not, is not subject to Luxembourg net wealth tax on such Notes.

### **Other Taxes**

In principle, neither the issuance nor the transfer, repurchase or redemption of Notes will give rise to any Luxembourg registration tax, or similar taxes.

However, a fixed or ad valorem registration duty will be required upon registration of the Notes in Luxembourg in the case where the Notes are physically attached (annexé(s)) to a public deed or to any other document subject to mandatory registration, or in case of a registration of the Notes on a voluntary basis.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed or recorded in Luxembourg.”

### **GENERAL INFORMATION**

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

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

---

<sup>1</sup> Please however note that securitisation companies governed by the law of 22 March 2004 on securitisation, as amended, or capital companies governed by the law of 15 June 2004 on venture capital vehicles, as amended, or reserved alternative investment funds governed by the law of 23 July 2016 and investing in risk capital thereof may, under certain conditions, be subject to minimum net wealth tax.