



## **BYLAWS TERNA S.p.A.**

*(This is a translation of the original Italian text.*

*For any difference in meaning between the original Italian text and its translation, the Italian text will prevail)*

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Current version comprising the amendments approved:

- by Shareholders' meeting of January 31, 2005 (as per the minutes of the Shareholders' meeting file nos. 11397 and 11398, folder no. 5901 drawn up by Matilde Atlante Notary Public in Rome, enrolled in the Rome Association of Notaries Public);
- by Shareholders' meeting of April 1, 2005 (as per the minutes of the Shareholders' meeting file nos. 11492 and 11497, folder no. 5960 drawn up by Matilde Atlante Notary Public in Rome, enrolled in the Rome Association of Notaries Public);
- by the meeting of the Board of Directors of May 9, 2005 (as per the minutes file no. 11568, folder no. 5988 drawn up by Matilde Atlante Notary Public in Rome, enrolled in the Rome Association of Notaries Public);
- by the meeting of the Board of Directors of March 21, 2007 (as per the minutes file no. 8109, folder no. 3661 drawn up by Luca Troili Notary Public in Rome, enrolled in the Rome Association of Notaries Public);
- by Shareholders' meeting of May 24, 2007 (as per the minutes of the Shareholders' meeting file no. 25931, folder no. 10467 drawn up by Nicola Atlante Notary Public in Rome, enrolled in the Rome Association of Notaries Public);
- by Shareholders' meeting of April 22, 2009 (as per the minutes of the Shareholders' meeting file nos. 30783 and 30842, folder no. 12771 drawn up by Nicola Atlante Notary Public in Rome, enrolled in the Rome Association of Notaries Public);
- by the meeting of the Board of Directors of October 18, 2010 (as per the minutes file no. 35.472, folder no. 15.304 drawn up by Nicola Atlante Notary Public in Rome, enrolled in the Rome Association of Notaries Public);
- by Shareholders' meeting of May 13, 2011 (as per the minutes of the Shareholders' meeting file nos. 38128 and 38144 folder no. 17250 drawn up by Nicola Atlante Notary Public in Rome, enrolled in the Rome Association of Notaries Public);
- by Shareholders' meeting of May 16, 2012 (as per the minutes of the Shareholders' meeting file nos. 41453 and 41548 folder no. 19215 drawn up by Nicola Atlante Notary Public in Rome, enrolled in the Rome Association of Notaries Public);
- by Shareholders' meeting of May 14, 2013 (as per the minutes of the Shareholders' meeting file nos. 44477 and 44527 folder no. 20956 drawn up by Nicola Atlante Notary Public in Rome, enrolled in the Rome Association of Notaries Public).

The total share capital stated in article 5.1 takes into account the complete execution of the resolution regarding the increase of the share capital for the 2006 Stock-Option Plan adopted by the Board of Directors, as specified in article 5.

Title I  
Incorporation – Registered Name – Registered Office  
and Term of the Company

Article 1

1.1 A joint stock Company is hereby incorporated having the registered name of "TERNA – Rete Elettrica Nazionale Società per Azioni" (in short TERNA S.p.A.).

Article 2

2.1 The Company has its registered office in Rome.

Article 3

3.1 The term of the Company shall be until 31st December 2100 and may be extended once or more times, by resolution of the Shareholders' Meeting.

Title II  
Object of the Company

Article 4

The Company has for its object the exercise of the transmission and dispatching of electricity, including merged operations of the national transmission grid, as well as energy transport lines and transforming plants, to which it may hold title.

Within the above-mentioned scope, the Company specifically provides the following activities:

- a) managing electricity flows, the respective interconnection devices and such services as are ancillary thereto;
- b) guaranteeing compliance with any other requirement aimed at ensuring safety, soundness, efficiency and the lowest cost of the service and procurement;
- c) managing the national transmission grid without discrimination to users or categories of users;
- d) deciding on the maintenance and development work on the national transmission grid, bearing the related expenses where it should hold title to the same grid or having such other companies as should own the grid bear the related expenses, so as to ensure safety and continuity of procurement, as well as the development of the same grid in compliance with the policies laid down by the Minister of Productive Activities;
- e) engaging in all such other operations, including regulatory activities, fulfil such other duties and requirements, exercise the rights and powers, as are imposed or granted under Italian legislative decree no. 79 of 16th March 1999, and subsequent amendments and/or additions.

Moreover, the Company carries on the following activities:

- a) design, realization, management, development and maintenance activities relating to the network structures and other infrastructures connected to such networks, as well as plants and equipment functional thereto;
- b) research activities, consultancy and assistance in the sectors considered above;
- c) any other activities, which enable a better utilization and enhancement of the networks, structures, resources and competences employed.

To this end the Company may operate, both in Italy and abroad, and perform any other connected, instrumental, similar, complementary activities or any other activity, however, useful to the achievement of the corporate object.

4.2 For the purpose of achieving the corporate object, the Company:

- may acquire participations and interests in other companies and enterprises, both in Italy and abroad, which carry on an analogous, similar or connected activity as its own or similar to the activity carried on by participated subjects;
- may perform any and all transactions that are necessary or useful in instrumental function or however, connected to, such as, by way of example: the lending of collateral securities or personal guarantees both for its own bonds and those of third parties, security transactions, real estate and commercial transactions, and whatever connected to its corporate object or which permit a better utilization of its structures and/or its own resources or those of companies or enterprises in which the Company holds, either directly or indirectly, interests or participations or which appear to be subject to the common control.

### Title III

#### Share Capital – Shares – Withdrawal – Bonds

##### Article 5

5.1 The share capital of the Company amounts to €442.198.240, represented by 2.009.992.000 ordinary shares having a nominal value of €0.22 each.

5.2 The Shareholders' Meeting may resolve upon share capital increases through the issue of shares, including those belonging to special categories, to be allotted free of charge in application of Article 2349 of the Italian Civil Code in favour of employees, or in payment and with the exclusion of the option right, pursuant to Article 2441 of the Italian Civil Code in favour of subjects identified by resolution of the Shareholders' Meeting.

5.3 Pursuant to Article 2443 of the Italian Civil Code, the Board of Directors has the power, for a period of five years from the resolution of the Shareholders' Meeting of 1st April 2005, to increase the share capital one or more times by a maximum of €2,200,000, through the issue of a maximum of 10,000,000 ordinary shares with a nominal value of €0.22 each, entitled to dividends. Said shares are offered via subscription upon payment to the executives – to be identified by the Board of Directors – of TERNA SpA and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code, with the exclusion of the option right, pursuant to joint provision of Article 2441 of the Italian Civil Code, last paragraph, and Article 134, second paragraph, of Italian legislative decree no. 58 of 24th February 1998. The right to subscribe said shares shall be personal and non-transferable inter vivos, and the resolutions of the Board of Directors shall set a deadline for subscription of the shares themselves, determining that, should the resolved increase not be subscribed within the deadline established each time, as required, the capital shall be increased by an amount equal to the subscriptions received up to said deadline.

5.4 The Board of Directors in the meeting of March 21<sup>st</sup> 2007, in partial exercise of the power assigned as above by the Shareholders' Meeting of April 1, 2005, passed a resolution to proceed with a share capital increase to be used in the stock option Plan for the year 2006, to be implemented in accordance with the following procedures:

- share capital increase against payment for a maximum amount of euro 2,198,240.00 (two million one hundred and ninety-eight thousand two hundred and forty point zero zero) through issue of a maximum of 9,992,000 (nine million nine hundred and ninety-two thousand) new ordinary shares each with a nominal value of euro 0.22, at a price of euro 2.072, reserved for subscription by the senior managers of TERNA S.p.A. and/or of its

subsidiaries, pursuant to Article 2359 of the Italian Civil Code, who have been identified as beneficiaries of said Plan, with exclusion of the shareholders' option right pursuant to the joint provision of Article 2441, last paragraph, of the Italian Civil Code and of the Article 134 of legislative decree no. 58 of February 24<sup>th</sup> 1998;

- the final deadline for full subscription of the increase is established as March 31<sup>st</sup> 2010; if by said date the increase has not been fully subscribed, the share capital will be increased by an amount equal to the subscriptions received.

5.5 The extraordinary Shareholders' Meeting of April 22, 2009 has extended until March 31, 2013 the deadline for the subscription of the capital increase as indicated in the previous paragraph 5.4.

## Article 6

6.1 Shares are registered; each share entitles to one vote.

6.2 The quality as shareholder represents, per se, an acceptance of these Bylaws.

6.3 Pursuant to the first paragraph of Article 2 of Italian law-decree no. 332 of 31<sup>st</sup> May 1994, converted with amendments into law no. 474 of 30<sup>th</sup> July 1994, as replaced by Article 4, paragraph 227 of Italian law no. 350 dated 24<sup>th</sup> December 2003, the Minister of Economy and Finance, in agreement with the Minister of Productive Activities, is the holder of the following special powers:

a) opposition against the acquisition, by those subjects against which the limit to the shareholding pursuant to Article 3 of Italian law-decree no. 332 of 31<sup>st</sup> May 1994, converted into law and amended by Italian law no. 474 of 30<sup>th</sup> July 1994, is effective, of material participations, by such term meaning those participations, which represent at least one twentieth of the share capital represented by shares having voting right in the ordinary Shareholder's Meeting. The opposition must be expressed within ten days from the date of the notice, which must be made at the care of the Board of Directors at the time of the request of registration in the shareholders' book, in the event the Minister considers the transaction to be detrimental to vital national interests. While awaiting the expiration of the term for the exercise of the opposition power, the voting right and, however, any rights having a content other than a patrimonial one, connected to the to the shares that represent the material participation, are suspended.

In the event of exercise of the opposition power, through a duly motivated measure, in relation to the concrete prejudice caused by the transaction to the vital interests of the Republic of Italy, the assignee may not exercise the voting right or, however, any rights having a content other than a patrimonial one, connected to the shares, which represent the material participation, and shall assign the same shares within one year. In the event of omitted compliance, the tribunal shall order, upon request of the Minister of Economy and Finance, the sale of the shares, which represent the material participation, according to the procedures provided by Article 2359-third of the Italian Civil Code. The measure concerning the exercise of the opposition power may be challenged by the assignee before the regional administrative court of Lazio within sixty days;

b) opposition against the conclusion of understandings or agreements pursuant to Article 122 of the consolidated text of laws provided by Italian legislative decree no. 58 of 24<sup>th</sup> February 1998, in the event that at least the twentieth part of the share capital is represented made up of shares with voting right in the ordinary Shareholders' Meeting. For the purpose of the exercise of the opposition power, CONSOB advises the Minister of Economy and Finance of the material understandings or agreements pursuant to this

article, of which it was notified pursuant to the above-mentioned Article 122 of the consolidated text provided by Italian legislative decree no. 58 of 1998. The opposition power must be exercised within ten days from the date of the notice made by CONSOB. While waiting for the expiration of the term for the exercise of the opposition power, the voting right or, however, the rights having a content other than the patrimonial one of the shareholders parties to the agreement or understanding, are suspended. In the event of issue of the opposition measure, duly motivated in relation to the concrete prejudice caused by the abovementioned understandings or agreements to the vital interest of the Republic of Italy, these are construed as ineffective. If it is inferred from the behaviour of the syndicated shareholders during the Shareholders' Meeting that the bonds undertaken under the agreements pursuant to Article 122 of the consolidated text provided by Italian legislative decree no. 58 of 1998, will be performed, the resolutions passed through the conclusive vote of those shareholders, may be challenged. The measure for the exercise of the opposition power may be challenged before the regional administrative court of Lazio, within sixty days by the shareholders parties to the understandings or agreements;

c) veto power, duly motivated in relation to the concrete prejudice caused to the vital interests of the Republic of Italy, exercised against the adoption of the resolutions concerning the winding up of the Company, transfer of the business, merger, spin-off, moving abroad of the Company's registered office, change of the corporate object, amendments to the Bylaws, which suppress or change the powers provided in this article. The measure relating to the exercise of the veto power, may be challenged before the regional administrative court of Lazio, by the disagreeing shareholders within sixty days;

d) appointment of a director without voting right. In the event of termination of office of the director so appointed, the Minister of Economy and Finance, in understanding with the Minister of Productive Activities, shall appoint the relevant substitute.

The opposition power under letters a) and b) above may be exercised in those cases as set forth under Article 4, paragraph 228, of Italian law no. 350 of 24<sup>th</sup> December 2003. Special powers set out under letters a), b), c) and d) above are exercisable in compliance with the criteria laid down in the Decree of the President of the Italian Council of Ministers 10 June 2004, hereby fully referred to.

6.4 Pursuant to Article 3 of Italian law-decree no. 332 of 31st May 1994, converted into law and amended by Italian law no. 474 of 30th July 1994, nobody may possess, for any reasons whatsoever, shares in the Company, which entail a participation exceeding 5% of the share capital, subject to the applicable provisions of law.

The maximum limit of shareholding is calculated also taking into account the overall shareholdings owned by the controlling entity, a physical or juridical Company or a Company; direct or indirect subsidiaries as well as companies controlled by the same controlling entity; affiliated subjects as well as physical persons who are related up to the second degree or spouses, provided that, in the event of a spouse, this is not legally separated. A control occurs, also with reference to subjects other than companies, in the events provided by Article 2359, paragraphs 1 and 2 of the Italian Civil Code. A connection occurs in the events provided by Article 2359, third paragraph, of the Italian Civil Code, as well as between subjects who, directly or indirectly, through holding companies other than those managing mutual investment funds, which are parties, also with third parties, to agreements relating to the exercise of the voting right or the transfer of shares or quotas in third companies or which are, however, parties to agreements or understandings pursuant to Article 122 of Italian legislative decree no. 58 of 24th February 1998, in relation to third companies, if such agreements or understandings concern at least 10% of the Company's capital with voting right, if its is the case of listed companies, or 20% if it is the case of

unlisted companies. For the purpose of calculating the above-mentioned limit to the holding of shares (5%), due account is taken also of shares held through trustees and/or interposed persons and interposed subjects in general. The voting right relating to those shares held in excess with respect to the maximum limit set out above, cannot be exercised and the voting right, to which each of the subjects would have been entitled, and to which the limit to the holding of shares is referable, is reduced proportionally, unless otherwise indicated in advance by the shareholders concerned.

In the event of non-fulfilment with the above, the resolution may be challenged pursuant to Article 2377 of the Italian Civil Code, if the required majority would not have been reached without the votes in excess with respect to the maximum limit set out above, the shares for which the voting right cannot be exercised are, however, calculated for the purpose of the regular constitution of the Shareholders' Meeting.

Pursuant to Article 3, third paragraph, of Italian law-decree no. 332 dated 31st May 1994, converted into law no. 474 dated 30 July 1994 and Article 3, second paragraph, letter c) of the Decree of the President of the Italian Council of Ministers, dated 11<sup>th</sup> May 2004, this clause, and those, contained in these Bylaws, aimed at ensuring the protection of minority shareholders, shall not be amended for a period of three years as of the effective date of the transfer set forth in Article 1, first paragraph, of the same Decree of the President of the Italian Council of Ministers of 11th May 2004.

#### Article 7

7.1 Each shareholder is entitled to withdraw from the Company in the events provided by the law, subject to the provisions of Article 7.2 below.

7.2 No right of withdrawal may be exercised in the following events:

- a) extension of the Company's term;
- b) introduction, amendment or removal of restrictions to the circulation of shares.

#### Article 8

8.1 The issue of bonds is resolved upon by the Directors pursuant to the applicable provisions of law.

### TITLE IV SHAREHOLDERS' MEETINGS

#### Article 9

9.1 The ordinary and extraordinary Shareholders' Meetings are usually held in the municipality where the Company has its registered office, unless it is otherwise resolved upon by the Board of Directors and provided that they are held in Italy. The Shareholders' Meetings shall be held on a single call. The Shareholders' Meeting is validly constituted with the majority required by law, without prejudice to whatever may be stipulated otherwise in the Corporate Bylaws. Should it be deemed advisable, the Board of Directors may decide to hold the ordinary and/or extraordinary Shareholders' Meetings on multiple calls.

9.2 The ordinary Shareholders' Meeting must be convened at least once a year, for the approval of the Financial Statements, within one hundred and twenty days from the closing of the fiscal year, or within one hundred and eighty days, if the Company is required to draft the consolidated Financial Statements or when particular circumstances relating to the structure and object of the Company so require.

## Article 10

10.1 The right to participate in the meeting and to vote shall be governed by the applicable rules and regulations.

## Article 11

11.1 Those who are entitled to vote have the right to attend the Shareholders' Meeting and may be represented by proxy which shall be issued in compliance with the procedures set by law and by the regulations in force from time to time.

The proxy may also be notified to the Company by electronic means through the alternative use of one of the following methods:

- (a) certified electronic mail to the address indicated by the Company in the notice of call;
- (b) the appropriate section of the Company's website indicated by the Company in the notice of call.

The notice may also be limited to one of the above mentioned methods, the one which, in concrete terms, can be used only for the meeting to which the notice itself refers. Pursuant to the applicable legislation and regulations, the same notice may also indicate additional notification methods of the proxy by electronic means which can be used only for the meeting to which the notice itself refers.

For the purpose of facilitating the collection of proxies from the shareholders who are employees of the Company and/or of its subsidiaries, members of associations of Shareholders Meeting the requirements provided by the applicable provisions of law in the subject matter thereof, facilities are made available to the same associations, on the terms and conditions agreed from time to time with their legal representatives, to be used for the communication and for carrying out the proxy collection activity.

11.2 The proceedings of the Shareholders' Meeting are governed by the regulation of the Shareholders' Meetings approved by resolution of the ordinary Shareholders' Meeting of the Company.

## Article 12

12.1 The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in the event of his absence or hindrance, by the vice-Chairman if appointed or, if both are absent or have an impediment, by another person delegated by the Board of Directors, failing which, the Shareholders' Meeting shall elect its own Chairman.

12.2 The Chairman of the Shareholders' Meeting is assisted by a secretary, who needs not be a shareholder, designated by all attending and may appoint one or more scrutineers.

## Article 13

13.1 Subject to the provisions of Article 21.2 below, the Shareholders' Meeting shall resolve upon all the matters that the law submits to its competence or the Bylaws.

13.2 Unless otherwise provided in the Bylaws, the resolutions, both of the ordinary and extraordinary Shareholders' Meetings, and both on first, second and on third call, or on a single call, are adopted with the majorities required by the law in individual cases.

13.3 The Shareholders' Meeting may, pursuant to art. 2364, paragraph 1, No. 5, of the Civil Code, authorize the Board of Directors to carry out Related Party Transactions in

compliance with the law and the provisions adopted by the Board of Directors, notwithstanding a negative opinion of the competent, independent body, as well as Urgent Transactions that are submitted to the advisory vote of the Shareholders' Meeting by the Directors or that are related to corporate crisis.

The Shareholders' Meeting may resolve on Related Party Transactions, notwithstanding a negative opinion of the competent body, on condition that, apart from the application of the majorities required by law, the Unrelated Shareholders present at the Meeting, as provided by the current law, represent at least 10% of the share capital entitled to vote and that the majority of the same Unrelated Shareholders express a favorable vote.

The Shareholders' Meeting may resolve on Urgent Related Party Transactions submitted to advisory voting by the Directors, with the majorities required by law.

13.4 The resolutions of the Shareholders' Meeting, taken in compliance with the provisions of law and these Bylaws, are binding on all the shareholders, including those, which did not participate therein or those, which disagree.

## TITLE V BOARD OF DIRECTORS

### Article 14

14.1 The Company is managed by a Board of Directors made up of a number of members that must not be lower than seven and must not exceed thirteen members, to which the director, if any, appointed pursuant to Article 6.3 letter d) above, is added. The Shareholders' Meeting determines the number of members of the Board of Directors, within the above-mentioned limits.

14.2 The Board of Directors is appointed for a period lasting up to three fiscal years and may be re-elected.

14.3 With a view to ensuring that the national electricity transmission grid is managed according to principles of neutrality and impartiality, without discrimination to users or categories of users, Directors will be appointed in accordance with the following terms.

The Directors, except the director appointed pursuant to Article 6.3 letter d) above of these Bylaws, if any, are appointed by the Shareholders' Meeting on the basis of lists submitted by the entitled shareholders and the outgoing Board of Directors, in which the candidates must be listed according to a progressive number.

The lists must indicate which are the candidates in possession of the independence requirements provided for under the law and Article 15.4 of the Bylaws and any other information or representation requested by the applicable rules and regulations and by the Bylaws.

Lists submitted with three or more candidates must also include candidates of a different gender, according to the provisions in the shareholders meeting notice of call, in such a way as to allow the composition of the Board of Directors to be in compliance with legislation governing matters of gender balance.

The lists submitted must be filed at the Company, even by remote communication methods, based on the manner and in compliance with the requirements needed to identify the applicants, which will be indicated by the Company in the Shareholders' Meeting notice of call and published in compliance with the terms and in the manner prescribed by the applicable rules and regulations.

Each entitled shareholder may submit or take part in the submission of only one list and



each candidate may appear in one list only or he will be ineligible.

The right to submit the lists is for the shareholders who, individually or as a group, , in compliance with the terms and conditions provided by law, own at least 1% or a lower percentage as provided by the applicable rules and regulations of the shares entitled to vote in the Shareholders' Meeting. In order to prove ownership of the number of shares required to submit lists, the entitled shareholders must submit and/or deliver the relevant certification to the Company, in the manner and in compliance with the terms established by law and in accordance with the details in the Shareholders' Meeting notice of call.

Together with each list a statement must be filed, whereby individual candidates accept their candidature and represent, under their responsibility, the inexistence of any of the causes for ineligibility and incompatibility, as well as the existence of the requirements provided for by the applicable law and by these Bylaws for their respective offices and any other information required by the applicable rules and regulations and these Bylaws.

The appointed Directors must notify the Board of Directors, without delay, of the loss of the requirements prescribed by the applicable provisions of law and these Bylaws, as well as of the arising of any ineligibility or incompatibility causes.

Each subject entitled to vote may vote one list only.

The procedure for the election of the Directors is the following:

a) from the list that has obtained the highest number of votes expressed by the shareholders, seven tenth of the Directors to be elected are extracted, according to the progressive number by which they are listed in the list, with rounding up to the lower unit, in the event of a fraction of number lower than the unit;

b) the remaining Directors are extracted from the other lists. To such purpose, the votes obtained from the lists are then divided by one, two, three and so forth, according to the number of Directors to be elected. The quotients so obtained are progressively attributed to the candidates of each one of such lists, according to the order respectively provided therein. The quotients so attributed to the candidates of the several lists are then arranged in one decreasing classification list. Those candidates will be elected, who have obtained the highest quotients.

In the event that several candidates have obtained the same quotient, that candidate will be elected, who has not yet elected any director or has elected the lowest number of Directors.

In the event that none of the above-mentioned lists has elected any director yet or in the event that all the lists have elected the same number of Directors, in the framework of these lists the candidate shall be elected of the list, which has obtained the highest number of votes. In the event of equal number of votes in the list and again in the event of an equal quotient, a new voting shall take place by the entire Shareholders' Meeting and those candidate shall be elected, who will obtain the simple majority of votes;

c) if, following the application of the procedure described above, the minimum number of independent Directors provided by the law and Article 15.4 of these Bylaws, in relation to the overall number of Directors, is not elected, then the candidate or candidates without such requirements in possession of the lowest quotient or quotients, will be replaced, according to the respective progressive order, by the candidate/candidates in possession of such requirements not elected and belonging to the same list as the replaced candidate/candidates. Failing such a number of candidates as is sufficient to enable the compliance with the required number of independent Directors, the Shareholders' Meeting shall resolve, with the majorities provided for under the law, upon the replacement of the candidates without the independence requirements, who have obtained the lowest quotient;

*c-bis*) following the voting and the operations set out hereinabove, if legislation governing

gender balance has not been respected, candidates who have been elected on the various lists, including the list that obtained the highest number of votes, shall be placed on one decreasing classification list that is formed according to the quotient system indicated under letter b). The candidate of the most represented gender having the lowest quotient in said classification list is then replaced by the first candidate of the least represented gender who has not been elected and who belongs to the same list of the replaced candidate from the most represented gender, while respecting the minimum number of independent directors under the foregoing letter c).

In the event of equal quotients, the replacement is made of the candidate drawn from the list having the highest number of votes while respecting the minimum number of independent directors under the foregoing letter c).

Should no other candidates be on the list, the aforesaid replacement will be made by the Shareholders' Meeting with the legal majorities and in respect of the principle of a proportional representation of minorities on the Board of Directors.

In the event the replacement of the candidate of the most represented gender with the lowest quotient on the classification list does not, however, allow for achievement of the minimum threshold established by governing legislation for gender balance, the replacement indicated above is carried out also with reference to the candidate of the most represented gender having the second-to-last quotient, and so forth, starting from the bottom of the classification list going up;

c-ter) upon completion of the above indicated operations, the chairman announces the names of the elected persons;

d) the slate vote procedure applies only in the event of renewal of the entire Board of Directors, therefore for the appointment of Directors, other than in the circumstances of renewal of the entire Board of Directors, the Shareholders' Meeting will resolve according to the majorities provided by applicable law and without observing the procedure provided above so as to ensure, however, the presence of the necessary number of Directors in possession of the independence requirements provided by the law and Article 15.4 of these Bylaws as well as compliance with governing legislation concerning gender balance;

e) for the purposes of electing Directors – both when the election takes place according to the terms set forth in the letters a) and b) above and when the same takes place according to the terms set forth in the letter d) above no operator of the electricity generation, importation, distribution, supply and transmission sectors – including by means of subsidiaries, parent companies, or subsidiaries controlled by the same Parent Company – may exercise voting rights for more than 5% of the share capital.

14.4 The Shareholders' Meeting may change the number of members of the Board of Directors, also during their term of mandate, however, always within the limits set out in the first paragraph of this article, providing to the relevant appointments. The appointment of the Directors so elected expires simultaneously with the mandate of those in office.

14.5 If in the course of the fiscal year one or more Directors fail to hold their offices, the provisions of Article 2386 of the Italian Civil Code shall apply, except for the director appointed pursuant to Article 6.3, letter d) of these Bylaws.

In any event, the replacement of the directors who ceased their office is performed by the Board of Directors ensuring the presence of the necessary number of directors in possession of the independence requirements provide by the law and Article 15.4 of these Bylaws as well as guaranteeing compliance with governing legislation concerning gender balance. If the majority of the members of the Board of Directors elected by the Shareholders' Meeting fail to hold their offices, the entire Board of Directors is considered

as having resigned and the Shareholders' Meeting must be convened without delay by the directors, who have remained in office, for constituting a new Board of Directors.

#### Article 15

15.1 The appointment to the position of Director will be made conditional upon the same satisfying the requirements of respectability, professional skill and independence as set forth in this article.

15.2 Appointment to the position of Director will be precluded and, in case of appointment, the position will be forfeited, by those who are not in possession of the integrity requirements provided by Article 147 *quinquies* of legislative decree no. 58 of 24<sup>th</sup> February 1998. Until the coming into force of said provisions, the appointment to the position of Director will be precluded and if appointed will be forfeited, if any of the following causes occur:

a) causes of ineligibility or forfeiture provided for by Article 2382 of the Italian Civil Code;  
b) the judicial authority has ordered prevention measures pursuant to Italian law no. 1423 dated 27<sup>th</sup> December 1956, or pursuant to Italian law no. 575, dated 31<sup>st</sup> May 1965, and subsequent amendments and additions, without prejudice to the effects of rehabilitation irrevocable judgement, without prejudice to the effects of rehabilitation:

1. sentence of imprisonment for one of the offences provided for by legislation governing banking, finance and insurance and by laws governing financial markets and instruments, fiscal matters and payment instruments;

2. sentence of imprisonment for one of the offences provided for under title XI of book V of the Italian Civil Code and in Royal Decree dated 16<sup>th</sup> March 1942, no. 267;

3. imprisonment for a term not under six months for a crime against the public administration, against public faith, financially-related offences, public order offences and fraudulent acts involving public funds;

4. imprisonment for a term not under a year for any wilful crime; when, on request of the parties, one of the punishments provided for under the foregoing letter c) has been applied, without prejudice to the case of extinguishment of the offence.

The preclusion set forth in this Article 15.2 is also applied with respect to the cases ascertained as equivalent by the Board of Directors and governed, either wholly or in part, by foreign legislations.

The Board of Directors shall verify that each of its members meets the requirements of respectability set forth in this Article 15.2. The Board of Directors will verify that each of its members meets the requisites of integrity set forth in this Article 15.2.

15.3 Appointment to the position of Director will be precluded - and in case of appointment the position will be forfeited - to those who have not acquired overall three years' experience in the exercise of:

a) administration and auditing activities or the holding of management positions with joint-stock companies whose share capital amount shall not be inferior to 2 million Euros, or

b) professional activities or university teaching with tenure in the following subjects: law, economics, finance and technical/scientific subjects strictly related to the Company's business, as set forth in Article 26.1 of these Bylaws; or

c) executive positions with government authorities or public administrations operating in the credit, finance and insurance sectors or, in any case, in sectors such as are strictly related with the Company's business, as set forth in Article 26.1 of these Bylaws;

The Board of Directors will verify that each of its members meets the requirements of professional skill set forth in this Article 15.3.

15.4 At least one third of the Directors in office – rounding down to the unit below, in case of fractional number inferior to the unit – shall meet the requirements of independence established for the auditors by Article 148, third paragraph, of legislative decree no. 58 of 24<sup>th</sup> February 1998.

The Board of Directors periodically verifies that each of its non-executive members meets the requisites of independence set forth in this Article 15.4, taking into account the information supplied by the individuals concerned.

15.5 The Company's executive Directors (i.e., those specifically holding authorization to perform acts regarding the Company's business, authorizations individually conferred by the Board of Directors, and/or having executive functions in the Company) cannot at the same time hold such positions as involve having functions as executive director in the Parent Company or in companies over which there should be joint control where the same companies should operate in the sectors of production, distribution and supply of electricity.

#### Article 16

16.1 Unless the Shareholders' Meeting has provided thereto, the Board shall elect among its members a Chairman; it may elect a vice-Chairman, who replaces the Chairman in the event of his absence or impediment. The office of Chairman or vice-Chairman may in no case be held by the director appointed pursuant to Article 6.3, letter d) of these Bylaws.

16.2 The Board, upon proposal of the Chairman, appoints a secretary, who needs not belong to the Company.

#### Article 17

17.1 The Board shall meet in the place indicated in the notice of call, every time the Chairman or, in the event of his absence or impediment, the vice-Chairman deems it necessary. The Board may also be convened in the manners provided by Article 26.5 of these Bylaws.

The Board of Directors must also be convened when at least three Directors so request in writing to resolve on a specific matter (to be indicated in the aforesaid request) regarding the management of the Company that their consider to be of particular importance.

17.2 The meetings of the Board of Directors may be held through means of telecommunications, provided that all the participants may be identified and such identification is acknowledged in the relevant minutes and they are allowed to follow the discussion and participate in real time in handling the items on the agenda, exchanging documentation, if necessary. Should this be the case, the Board of Directors' meeting is considered held in the place where the Chairman is and where also the secretary must be, for enabling the drafting and execution of the relevant minutes.

17.3 Usually, the call of the meeting is made at least five days prior to the date set down for the meeting. In the event of urgency, the term of the call may be shorter. The Board of Directors resolves upon the modalities for convening its meetings.

#### Article 18

18.1 The meetings of the Board of Directors are chaired by the Chairman or, in the event of his absence, by the vice-Chairman, if appointed. If also the latter is absent, the meeting

shall be chaired by the oldest director entitled to vote.

#### Article 19

19.1 For the meetings of the Board of Directors to be valid, the presence is necessary of the majority of Directors in office having voting right.

19.2 The resolutions are adopted by absolute majority of votes of all attending. In the event of an equal number of votes, the vote of the Chairman shall prevail.

#### Article 20

20.1 The resolutions of the Board of Directors are evidenced by minutes, which, once they are signed by the Chairman of the meeting and the secretary, are transcribed in an appropriate book held pursuant to the applicable provisions of law.

20.2 Copies of the minutes are valid and enforceable, if executed by the Chairman or his substitute and by the secretary.

#### Article 21

21.1 The management of the Company pertains exclusively to the Directors, who carry out the necessary operations for the realization of the corporate object.

21.2 In addition to the exercise of the powers granted to them by the provisions of law, the Board of Directors is competent to resolve upon the following:

- a) the merger and spin-off, in the events provided for by the applicable provisions of law;
- b) the opening or closing of branches;
- c) the indication of which ones of the Directors have the representation of the Company;
- d) the reduction of the share capital in the event of withdrawal of one or more shareholders;
- e) the adjustment of the Bylaws to provisions of law;
- f) the moving of the registered office elsewhere within the domestic territory.

21.3 The delegated bodies shall timely report to the Board of Directors and the Board of Statutory Auditors – or, failing the delegated bodies, the Directors shall timely report to the Board of Statutory Auditors – at least on a quarterly basis and, however, on the occasion of the Board of Directors' meetings, about the activity performed as well as on the operations having greater economic, financial and patrimonial relevance, or, however, greater importance due to their size and characteristics, carried out by the Company and its subsidiaries; in particular, they shall report on the transactions in which they hold an interest, on their own behalf or on behalf of third parties, or which are influenced by the subject who exercises the management and coordination activity.

21.4 The Board of Directors may appoint and revoke an executive in charge of the preparation of the company's accounting records, subject to the prior favourable opinion of the Board of Statutory Auditors. The executive in charge of the preparation of the company's accounting records must have acquired an overall experience of at least three years in the exercise of:

- a) managerial functions relating to activities of administration, finance and control and/or however, related to the performance of the activity of preparation and/or analysis and/or evaluation and/or control of corporate records, which present accounting problems of comparable difficulty as those related to the accounting records of the Company; or

- b) legal control activity of the accounts within a company having its shares listed on the Italian regulated markets or on regulated markets of other countries of the European Union; or
- c) professional or regular university teaching activities in financial or accounting matters.

#### Article 22

22.1 The Board of Directors may delegate its powers, within the limits provided by Article 2381 of the Italian Civil Code, to an executive committee and/or one or more of its components, determining the relevant contents, limits and the modalities of exercise of the proxy, if any. The Board of Directors, upon proposal of the Chairman and in agreement with the delegated bodies, may grant proxies for individual acts or categories of acts also to other members of the Board of Directors. No proxies or special positions may be delegated to the director appointed pursuant to Article 6.3, letter d) of these Bylaws, even if of an ancillary or temporary nature.

22.2 The granting of proxies for individual acts or categories of acts to employees of the Company and third parties, with the power to sub-delegate, is included in the powers of the delegated bodies.

#### Article 23

23.1 The legal representation of the Company and the corporate signature pertain both to the Chairman and to the managing director, and in the event of absence or impediment of the Chairman, to the vice-Chairman, if appointed. The signature of the vice-Chairman is valid and enforceable vis-à-vis third parties in the event of absence or impediment of the Chairman.

23.2 The above-mentioned legal representatives may grant legal representation powers of the Company, including before the Court, also with the power to subdelegate. In no case, may the legal representation of the Company, even if relating to single matters, be granted to the director appointed pursuant to Article 6.3, letter d) of these Bylaws.

#### Article 24

24.1 The members of the Board of Directors and the executive committee are entitled to a remuneration to be determined by the Shareholders' Meeting. Such resolution, once it is taken, shall be valid for the following fiscal years, unless otherwise determined by the Shareholders' Meeting.

24.2 The remunerations of the Directors vested with particular duties in compliance with the Bylaws, is established by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors.

#### Article 25

25.1 The Chairman:

- a) has the powers for representing the Company pursuant to Article 23.1 above;
- b) chairs the Shareholders' Meeting pursuant to Article 12.1 above;
- c) convenes and chairs the Board of Directors' meeting pursuant to articles 17 and 18.1 hereof; sets forth the agenda of the meeting, coordinates its works and ensures that adequate information on the items on the agenda be provided to all the Directors;
- d) ascertains the implementation of the resolutions of the Board of Directors.

## TITLE VI BOARD OF STATUTORY AUDITORS

### Article 26

26.1 The Shareholders' Meeting elects the Board of Statutory Auditors, made up of three statutory auditors and determined their remuneration. The Shareholders' Meeting also elects three substitute auditors. The members of the Board of Statutory Auditors are chosen among subjects in possession of the requirements of professional skill and respectability set out in the rules adopted pursuant to Article 148, fourth paragraph, of legislative decree no. 58 of 24<sup>th</sup> February 1998. Until the coming into force of the above-mentioned rules, the members of the Board of Auditors are chosen among those who are in possession of the professionalism and integrity requirements set forth in the decree of the Ministry of Justice no. 162 of March 30, 2000. For the purpose of the provisions of Article 1, second paragraph, letters (b) and (c) of the decree of the Ministry of Justice no. 162 of 30<sup>th</sup> March 2000, the matters relating to commercial law and tax law, corporate economy and corporate finance, as well as the matters and sectors of activity relating to energy in general, and communications and network structures, are considered as strictly pertinent to the scope of activity of the Company.

The auditors may take up the office of members of Boards of Directors and Boards of Statutory Auditors in other companies within the limits set forth by rules adopted pursuant to Article 148 *bis*, first paragraph, of legislative Decree no. 58 of 24<sup>th</sup> February 1998. Until the coming into force of said rules and subject to the ineligibility situations provided for by the applicable provisions of law, those subjects who cover the office of statutory auditors in five or more companies issuer of securities listed on regulated markets, may not be appointed as auditors, and if they do, they are debarred from their office.

26.2 Statutory auditors and substitute auditors are appointed by the Shareholders' Meeting on the basis of lists submitted by entitled shareholders, in which the candidates must be listed according to a progressive number. For the presentation, deposit and publication of the lists, the procedures set forth in Article 14.3 above of these Bylaws shall apply being compatible with the applicable rules and regulations and with what expressly provided by this article.

The lists are divided into two sections, one for the candidates to the office of statutory auditor and the other for the candidates to the office of substitute auditors. The first one of the candidates of each section must be registered in the register of statutory auditors and must have exercised the activity of legal control of the accounts for a period being not less than three years.

In compliance with the provisions of legislation governing gender balance, the lists that, when considering both sections, submit three or more candidates must also include, for the first two places of the list section relative to statutory auditors and also for the first two places of the list section relative to substitute auditors, candidates of a different gender.

Two statutory auditors and two substitute auditors are extracted from the list (so-called majority list) that has obtained the highest number of votes, according to the progressive order by which they were listed in each section of the list. The remaining statutory auditor and the remaining substitute auditor are appointed from the other lists (so-called minority lists) according to the modalities set out in Article 14.3, letter b) above, to be applied distinctly to each of the sections in which the lists are divided.

For the appointment of the of auditors, which takes place in events other than the renewal of the entire Board of Statutory Auditors, the Shareholders' Meeting shall resolve according to the majorities provided by the applicable provisions of law and without

observing the procedure provided above, but, however, in such a way as to ensure a composition of the Board of Statutory Auditors that complies with the provision of Article 1, first paragraph of the decree no. 162 of the Ministry of Justice dated 30th March 2000 or as amended or supplemented pursuant to Article 148, second paragraph, of legislative Decree no. 58 of 24<sup>th</sup> February 1998 and to legislation governing gender balance.

In the event of replacement of one of the auditors, without prejudice to possessing the legal requirements, the first substitute auditor is drawn from the same list. In the event the substitution, if carried out pursuant to the foregoing line, does not allow for a reconstitution of the Board of Auditors in compliance with legislation governing gender balance, the office is taken up by the second substitute auditor drawn from the same list. In the event that it subsequently becomes necessary to replace another auditor drawn from the list that obtained the highest number of votes, the additional substitute auditor drawn from the same list shall, in any case, take up the office.

The chairmanship of the Board of Statutory Auditors pertains to the statutory auditor appointed by the minority according to the procedure set forth by Article 14.3, letter b). In the event of replacement of the Chairman, such an office is taken up by the substitute auditor drawn from the same list.

26.3 The outgoing auditors may be re-elected.

26.4 The meetings of the Board of Statutory Auditors may also be held through telecommunication means, provided that all the participants may be identified and such identification is acknowledged in the relevant minutes and they are allowed to follow the discussion and intervene in real time in the handling of the items on the agenda, and exchange the documentation, if any. Should this be the case, the Board of Statutory Auditors' Meeting is considered held in the place where the Chairman of the meeting is.

26.5 The Board of Statutory Auditors may, subject to the prior notice given to the Chairman of the Board of Directors, convene the Shareholders' Meeting, the Board of Directors' meeting or the executive committee. The powers for convening the meeting may also be exercised individually by each member of the Board of Statutory Auditors, except the power to convene the shareholders' meeting, which may be exercised by at least two members of the Board.

## TITLE VII FINANCIAL STATEMENTS AND PROFITS

### Article 27

27.1 The fiscal year closes as of 31st December every year.

27.2 A At the end of each fiscal year the Board provides to the drafting of the Company's Financial Statements, in compliance with the applicable provisions of law.

27.3 During the fiscal year, the Board of Directors may distribute to the shareholders interim dividends.

### Article 28

28.1 Any dividends that are not cashed within five years from the day when they have become payable, shall be forfeited in favour of the Company and shall be directly allocated to a reserve fund.



TITLE VIII  
WIND-UP AND LIQUIDATION  
OF THE COMPANY

Article 29

29.1 In the event of winding up of the Company, the Shareholders' Meeting shall determine the modalities of liquidation and shall appoint one or more liquidators, fixing their powers and remunerations.

TITLE IX  
TEMPORARY GENERAL PROVISIONS

Article 30

30.1 For all that is not expressly provided in these Bylaws, the provisions of the Italian Civil Code and of special laws in the subject matter hereof, shall apply.

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TRANSITIONAL CLAUSE

Article 31

31.1 The provisions under Articles 14.3, 14.5 and 26.2 aimed at guaranteeing compliance of governing legislation concerning gender balance are applicable to the first three renewals of the Board of Directors and of the Board of Statutory Auditors, respectively, subsequent to the coming into force and effectiveness of the provisions of Article 1 of Law no. 120 dated July 12, 2011, published in the Official Journal no. 174 dated July 28, 2011, barring any further extensions provided for by law.

31.2 The composition of the Board of Statutory Auditors indicated in Article 26.1, with the appointment of three statutory auditors and three substitute auditors, is applicable starting from the first renewal of the control body following the coming into force and effectiveness of the provisions under Article 1 of Law no. 120 dated July 12, 2011, published in the Official Journal no. 174 dated July 28, 2011, barring further extensions provided for by law. Up to that time, the Board of Auditors is composed of three statutory auditors and two substitute auditors.