



PRESS RELEASE
Terni, September 8, 2014

TERNIENERGIA: the Board of Directors approves the proposal of a capital increase with the exclusion of the option rights at the service of the acquisition of Free Energia S.p.A.

- The board of directors approves the proposal of a capital increase with the exclusion of the option rights, reserved to the shareholders of Free Energia SpA, through the issuance of new ordinary shares up to n. 6,637,168 to complete the acquisition of 100% of Free Energia, a company active in the trading and energy efficiency sectors
- The issue price of the new shares, proposed by the Board of Directors to the Extraordinary Shareholders Meeting, amounts to Euro 2.26 per share
- Turnover of the transaction amounts to Euro 15 million for 100% of the shares of Free Energia
- The Board of Directors verified the requirements of independence and professionalism of the expert appointed to write the appraisal report, dr. Luigi Tardella, partner of Ambers & Co.
- The Chairman and CEO, Stefano Neri, received the mandate to convene an extraordinary Shareholders' Meeting and the Bondholders' Meeting to approve the capital increase
- The Chairman and CEO, Stefano Neri, received the mandate to convene the ordinary Shareholders' Meeting to approve the buy-back plan

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The Board of Directors of **TerniEnergia SpA**, a company active in the fields of renewable energy, energy efficiency and waste management, listed on the Star segment of Borsa Italiana, with reference to the press release dated August 4, 2014, has approved today the proposal to the Extraordinary shareholders' Meeting of a



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capital increase, with exclusion of the option rights, reserved to the shareholders of Free Energia SpA, for the acquisition of Free Energia, pursuant to the art. 2441, paragraph 4, of the Italian Civil Code.

The Chairman and CEO of TerniEnergia, Mr **Stefano Neri**, stated:

"Thanks to this transaction, TerniEnergia takes another step towards the establishment of one of the most important independent Italian group into the smart energy sector, active in the integrated business of renewable energy, energy efficiency and waste management. The extraordinary Shareholders' Meeting and the Bondholders Meeting will be convened in the first half of the month of October 2014, to give the green light to the acquisition of Free Energia".

Share capital increase

The capital increase in tranche will be subscribed through contribution in kind, with the exclusion of option rights, through the issue up to no. 6,637,168 of new no par value ordinary shares. The proposed issue price is equal to Euro 2.26 per share, of which Euro 1.26 per share by way of premium. Following the capital increase, the share capital of TerniEnergia will be, therefore, from Euro 50,529,680 to a maximum of Euro 57,166,848.

The capital increase may be paid up by the contribution of n. 3,375,152 shares, representing 100% of the share capital of Free Energia SpA, or representing a lesser percentage if it were transferred a smaller number of shares of Free Energia, on the understanding that the contribution will concern shares for at least a percentage equal to 93.52% of the share capital. Consequently, will be assigned to the subscribers at least n. 6,207,080 shares, attributable to each Free Energia shareholder in proportion to the shares the same transferred.

Following this transaction, the Shareholders of Free Energia, due to the shares of TerniEnergia they will receive in exchange for the contribution in kind, will hold a cumulated market share of about 15% of the share capital of TerniEnergia post-share capital increase.

To determine the issue price, the Board of Directors of TerniEnergia has relied on the advice of Power Capital, as financial advisor. The price proposed by the Board for each newly issued share, equal to euro 2.26, is higher than the net book value per share of the Company and also is higher than the weighted arithmetic average of the share price of the last semester.



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The transaction is subject to a number of conditions precedent, including the positive pronouncement of some subjects such as banks and bondholders of the Company, the resolution by the extraordinary Shareholders Meeting of TerniEnergia of the capital increase to subscribe through the transfer of the newly issued shares, the authorization by Consob to publish a prospectus for listing of the Shares to be issued by TerniEnergia. The conditions precedent have to occur before December 31, 2014.

Reasons for the transfer, expected benefits and impacts on the management programs of TerniEnergia

The reasons for the transaction can be summarized as follows:

- Downstream integration of the energy value chain of TerniEnergia with the new business of energy trading, towards electric consumer customers and consolidated re-sellers, and of smart energy services, that are growing rapidly and with considerable development opportunities. These new activities will be added to those of photovoltaic power generation, guaranteed by the assets owned by TerniEnergia, and the industrial scale energy efficiency, through the subsidiary Lucos Alternative Energies;
- Integration among the electric utility industry and the digital one;
- Entry into the promising market of the management and sale of services to vegetable oil burning power plants sector, in which Free Energia aims to achieve a national leadership.

In particular, the choice to proceed with a capital increase by contribution in kind, is dictated by the following reasons of convenience:

- No cash payment for TerniEnergia;
- implementation of financial and operational synergies to start a new growth strategy, focused on developing highly complementary business between TerniEnergia and Free Energia.

Report pursuant to art. 2441, comma 6, of the Italian Civil Code

The report of the Board of Directors prepared pursuant to art. 2441, comma 6, of the Italian Civil Code, and to the articles 70, comma 3, 3 and 125-ter of CONSOB Regulation 11971/99, together with the report of the independent expert in charge of the evaluation of Free Energia SpA share value and the opinion of the independent auditors



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PricewaterhouseCoopers SpA on the fairness of the issue price of the shares, will be made available to shareholders accordance with the law.

Requirements of independence and professionalism of the expert responsible to evaluate the shares of Free Energia SpA subject to transfer in the share capital of TerniEnergia following the related share capital increase

The Board of Directors of TerniEnergia conducted the assessment on the existence of the requirements of independence and adequate and proven professionalism of dr. Luigi Tardella, partner of Ambers & Co., as the person in charge of the transferring company Free Energia SpA, for the evaluation of estimation of the share transferred as part of the acquisition of Free Energia referred to the Investment Agreement signed in August 1, 2014.

The assessment by the Board of Directors concluded with the confirmation of the existence of the requirements of independence and adequate and proven professionalism of that expert, pursuant to art. 2343-ter, comma 2, letter. b) of the Italian Civil Code.

Calling of the Bondholders' Meeting

The Board of Directors has determined to give mandate to the Chairman and Chief Executive Officer, Mr. Stefano Neri, to call the Bondholders' Meeting, pursuant to art. 12 of the Bond TerniEnergia 2019 Regulations, to vote on the approval of the acquisition of Free Energia.

Calling of the Ordinary and Extraordinary Shareholders' Meeting of TerniEnergia

The Board of Directors has determined to give mandate to the Chairman and Chief Executive Officer, Mr. Stefano Neri, to call the Extraordinary Shareholders' Meeting of TerniEnergia to decide on the the share capital increase for the acquisition of Free Energia.



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The Board of Directors has determined to give mandate to the Chairman and Chief Executive Officer, Mr. Stefano Neri, to call the Ordinary Shareholders' Meeting to vote on the plan for the purchase of own shares (buy-back), already approved by the Board on March 31, 2014.

This press release is also available on the Company's website: www.ternienergia.com.

TerniEnergia, a company incorporated in September of 2005 and part of Italeaf, operates in renewable energy sector and is active in the photovoltaic field. TerniEnergia operates as system integrator, with a turn-key offer of industrial sized photovoltaic plants, on behalf of third parties and on its own, for the Power Generation business, also through joint venture companies with leading national players. TerniEnergia operates in the waste management sector, recovery of the material and energy, development and production of technologies. In particular, the Company is active in the recovery of tires out of use, in the treatment of biodegradable waste through the implementation of biodigesters, management of plant for the biological depuration; decommissioning of industrial plants, recovery of demolition metals and cleaning of industrial sites; development and production of technological apparatus.

TerniEnergia, through its controlled company Lucos Alternative Energies, operates in the development of energy efficient plants both through EPC scheme and FTT scheme (Financing Through Third Parties), pursuing the objectives of increasing energy production from renewable sources, of energy saving and reduction of emissions as set forth by environmental European policy. TerniEnergia is listed on STAR segment of Borsa Italiana S.p.A..

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