



HERA S.P.A.

**Registered office in Bologna, Viale Carlo Berti Pichat n. 2/4
Share Capital €1.421,342,617
Bologna Business Registry Registration Number
04245520376**

***EXPLANATORY ADMINISTRATORS' REPORT
ON THE SUBJECT MATTER LISTED AT POINT 1 OF THE AGENDA
EXTRAORDINARY PART***

*of HERA S.p.A.'s Combined Extraordinary and Ordinary General Meeting
called on 23rd April 2014 at 10:00*

Dear Shareholders,

HERA S.p.A.'s Board of Directors have called a Combined Extraordinary and Ordinary General Meeting held at *CENTRO CONGRESSI CNR - Sala Auditorium, Via Gobetti n. 101, Bologna* on 23rd April 2014 at 10.00, aimed at discussing and endorsing the following:

agenda

Extraordinary Part

1. Amendment of art. 16.1 of the Company's Articles of Association under the Transitory Norm thereof: applicable and ensuing resolutions.
2. Amendment of art. 17.2 of the Company's Articles of Association as modified by the Transitory Norm thereof: applicable and ensuing resolutions.
3. Approval of merger through takeover of Amga –Multiservice Company S.p.A. into Hera S.p.A. under the *Codice Civile* art. 2501 and following, and subsequent amendment of Section 5.1 in the articles of association: applicable and ensuing resolutions.

Ordinary Part

1. Financial statement for the year ended 31st December 2013, management report, profit allotment proposal and Board of Statutory Auditors report: applicable and ensuing resolutions.
2. Presentation of corporate governance report and resolutions relating to the remuneration policy.
3. Renewal of authorization to purchase treasury shares and relevant allotment policies: applicable and ensuing resolutions.
4. Appointment of members of the Board of Directors: applicable and ensuing resolutions.
5. Quantification of compensation for members of the Board of Directors: applicable and ensuing resolutions.
6. Appointment of members and Chairman of the Board of Statutory Auditors: applicable and ensuing resolutions.
7. Quantification of compensation for members of the Board of Statutory Auditors: applicable and ensuing resolutions.
8. Appointment of account auditors for financial years 2015 – 2023: applicable and ensuing resolutions.

This report is drawn up under art. 72 of the Regulations endorsed in the 14th May 1999 CONSOB resolution n. 11971, as later amended and incorporated (thereafter referred to as “**Issuers’ Regulation**”) as well as under Attachment 3A, Outline nr. 3 thereof.

First item in the agenda.

Amendment of art. 16.1 of the Articles of Association as modified by the Transitory Norm thereof: applicable and ensuing resolutions.

HERA S.p.A.’s Board of Directors ask Shareholders to amend art. 16.1 of the Articles of Association, as previously modified by the Transitory Norm introduced with the 15th October 2012 Extraordinary Meeting’s resolution and later amended in the 30th April 2013 Extraordinary Meeting. Namely, as of the date in which the approval meeting for the Financial Statement ending 31st December 2013 will be held, the aforesaid Transitory Norm amends Section 16.1 of the Articles of Association by reducing the number of Board members to 15, with the purpose of increasing government efficiency and of cutting or containing the running expenses it entails.

As Aimag S.p.A. – Mirandola’s aggregation into HERA S.p.A. is not scheduled to be finalized in 2014, we suggest reducing the Board members to 14 with a view to further optimize governance structure.

Namely, the amendment objective is the following:

- **Article 16 (Board of Directors)**, as previously modified by the Transitory Norm: the proposed amendment provides for reducing the 15 Board members to 14.

Find below the compared versions of art. 16 of the Articles of Association, as they appear in the text in force on the date of the Approval Meeting for the Financial Statement ending 31.12.2013, and in the suggested amendment.

TEXT MODIFIED BY THE TRANSITORY NORM in force as of the date of the approval	PROPOSED AMENDMENTS
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meeting for the fin. statement ending 31.12.2013	
ART. 16 BOARD OF DIRECTORS	ART. 16 BOARD OF DIRECTORS
<p>16.1 The Company is administered by a Board composed of 15 (fifteen) members, including non Associates, whose mandate for three financial years expires on the date of the meeting called to approve the Financial Statement for the latest financial year of their mandate; they can be re-elected and their offices expire under the law provisions.</p> <p>As of the first renewal of the executive body following the enforcement and implementation of the provisions under <i>12 July 2011 n. 120</i> Law and with reference to the first three consecutive mandates, the Board of Directors shall be composed in such a manner as to guarantee that all of the gender equality regulations in force are abided by.</p>	<p>16.1 The Company is administered by a Board composed of 15 (fifteen) 14 (fourteen) members, including non Associates, whose mandate for three financial years expires on the date of the meeting called to approve the Financial Statement for the latest financial year of their mandate; they can be re-elected and their offices expire under the law provisions.</p> <p>As of the first renewal of the executive body following the enforcement and implementation of the provisions under <i>12 July 2011 n. 120</i> Law and with reference to the first three consecutive mandates, the Board of Directors shall be composed in such a manner as to guarantee that all of the gender equality regulations in force are abided by.</p>

Any shareholders failing to provide approval shall not be entitled to exercise the right of withdrawal under art. 2437 of the *Codice Civile* on account of the proposed amendment.

We wish to point out that, following the approval of the statutory amendments in this Report, should the merger through takeover of Amga – Azienda Multiservizi S.p.A. into Hera S.p.A. be approved in the extraordinary Meeting, under art. 2501 and following of the *Codice Civile* - as detailed in the third point of the extraordinary part – Hera’s Articles of Association coming into force under the aforesaid merger provisions shall allow for the above amendments to the Articles.

Resolution Proposal

In view of the above, The Board of Directors invites Shareholders to endorse this resolution:

“HERA S.p.A.’s Extraordinary Meeting,

- after hearing the Chairman’s clarification;
- after examining and approving the Board’s explanatory report and the proposals listed therein;

resolves

- (i) to amend art. 16 of the Articles of Association as highlighted in the text below, providing a comparative description of the proposed amendments.

TEXT MODIFIED BY THE TRANSITORY	PROPOSED AMENDMENTS
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<p style="text-align: center;">NORM in force as of the date of the approval meeting for the fin. statement ending 31.12.2013</p>	
<p>ART. 16 BOARD OF DIRECTORS</p>	<p>ART. 16 BOARD OF DIRECTORS</p>
<p>16.1 The company is administered by a Board composed of 15 (fifteen) members, including non Associates, whose mandate for three financial years expires on the date of the meeting called to approve the Financial Statement for the latest financial year of their mandate; they can be re-elected and their offices expire under the law provisions.</p> <p>As of the first renewal of the executive body following the enforcement and implementation of the provisions under <i>12 July 2011 n. 120</i> Law and with reference to the first three consecutive mandates, the Board of Directors shall be composed in such a manner as to guarantee that all of the gender equality regulations in force are abided by.</p>	<p>16.1 The company is administered by a Board composed of 15 (fifteen) 14 (fourteen) members, including non Associates, whose mandate for three financial years expires on the date of the meeting called to approve the Financial Statement for the latest financial year of their mandate; they can be re-elected and their offices expire under the law provisions.</p> <p>As of the first renewal of the executive body following the enforcement and implementation of the provisions under <i>12 July 2011 n. 120</i> Law and with reference to the first three consecutive mandates, the Board of Directors shall be composed in such a manner as to guarantee that all of the gender equality regulations in force are abided by.</p>

- (ii) *to confer fully extended mandate upon the Chairman, who shall take the measures deemed essential to fulfil any conditions that are required, necessary or functional to implementing the above resolution, including power of attorney as well as the power to:*
- *subscribe and publish any document, act and/or declaration fitting to this purpose, as well as any communication under all of the applicable regulations in force;*
 - *generally take steps to fulfil any conditions that are required, necessary and functional to fully implementing the above resolution, together with any non-substantial amendments that might be required by any competent authorities, including registration with the Company Register”.*

Bologna, 26th February 2014

Chairman of the Board of Director
(Mr. Tomaso Tommasi di Vignano).