



**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 2 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.

Second item in the agenda.

**Amendment of art. 17.2 of the Articles of Association as modified by the Transitory Norm thereof; applicable and ensuing resolutions.**

HERA S.p.A.’s Board of Directors proposes the amendment of art. 17.2 of the Articles of Association, as previously modified by the Transitory Norm introduced after the 15th October 2012 Extraordinary Meeting and later amended in the 30th April 2013 Extraordinary Meeting.

Namely, as of the date of the 2013 Approval Meeting for the Financial Statement ending 31st December, the aforesaid Transitory Norm has modified Section 16.1 of the Articles of Association by cutting the number of Board members to 15; as a result, this has also modified art. 17.2 under the same terms by reducing the 16 Board components to 12. These are chosen from the list of candidates in the election of the Board of Directors that has attained the highest number of votes and by reducing the 4 remaining components from the non-majority lists to 3.

The proposed amendment of art. 17.2 as modified by the Transitory Norm is subjected to the amendment of art. 16.1 of the Articles of Association quoted in the 23rd April 2014 meeting agenda Extraordinary Part - point 1; in addition, it entails reducing the 12 Board members to 11. These members come from the list of eligible Board candidates that has attained the maximum number of votes.

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The amendment described in this Explanatory Report affects a specific article of association; in order to modify such article, in compliance with Section 14.2 of the Articles, resolutions are only deemed validated with a qualified majority equalling 3/4 of the share capital that participated in the meeting.

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Find below the comparison between art. 17.2 of the Articles of Association - as it appears in the text in force on the date of the approval meeting for the Financial Statement ending 31st December 2013 - and the proposed amendment.

<p style="text-align: center;"><b>TEXT MODIFIED BY THE TRANSITORY NORM</b></p> <p><b>in force as of the date of the approval meeting for the Financial Statement ending 31.12.2013</b></p>	<p style="text-align: center;"><b>PROPOSED AMENDMENT</b></p>
<p style="text-align: center;"><b>Art. 17 APPOINTMENT OF THE BOARD OF DIRECTORS</b></p>	<p style="text-align: center;"><b>Art. 17 APPOINTMENT OF THE BOARD OF DIRECTORS</b></p>
<p style="text-align: center;">-----OMISSIS-----</p> <p>17.2 The members of the Board of Directors will be appointed as follows:</p> <p>(i) from the list featuring the highest number of votes, 12 (twelve) Board members are chosen, based on the sequential order in which they were listed; at least 2 (two) members thereof shall belong to the gender least represented on the date of the first renewal of the executive body following the enforcement and implementation of the provisions under Law 12 July 2011 n. 120; at least 4 (four) members shall belong to the least represented gender in the following two renewal sessions;</p> <p>(ii) for the appointment of the remaining 3 (three) members, the votes obtained by each of the lists other than the list under section (i), and the lists that were neither presented nor voted for by shareholders who are – in compliance with the regulations in force - associated with the shareholders who presented or voted for the list under section (i), are then divided by one, two, three and four. The resulting ratios are progressively assigned to the candidates of each list, in the order set forth in the list. The candidates are therefore placed in a single descending order list, organised in proportion to the ratios assigned to each candidate. The</p>	<p style="text-align: center;">-----OMISSIS-----</p> <p>17.2 The members of the Board of Directors will be appointed as follows:</p> <p>(i) from the list featuring the highest number of votes, <del>12 (twelve)</del> <b>11 (eleven)</b> (ii) Board members are chosen, based on the sequential order in which they were listed; at least 2 (two) members thereof shall belong to the gender least represented on the date of the first renewal of the executive body following the enforcement and implementation of the provisions under Law 12 July 2011 n. 120; at least 4 (four) members shall belong to the least represented gender in the following two renewal sessions;</p> <p>(ii) for the appointment of the remaining 3 (three) members, the votes obtained by each of the lists other than the list under section (i), and the lists that were neither presented nor voted for by shareholders who are – in compliance with the regulations in force - associated with the shareholders who presented or voted for the list under section (i), are then divided by one, two, three and four. The resulting ratios are progressively assigned to the candidates of each list, in the order set forth in the list. The candidates are therefore placed in a single descending order list, organised in proportion to the ratios assigned to each candidate. The</p>

<p>candidates elected shall be those with the highest ratios, up to the number of members to be elected, of which at least 1 (one) of the least represented gender. Should candidates on different lists obtain equal ratios, the last eligible name shall come from the list most voted for; in the case of an ensuing draw, the eldest candidate shall be preferred, in compliance with all legislation and regulations in force.</p> <p>Should the meeting fail to elect the minimum number of administrators belonging to the least represented gender, the candidate belonging to the most represented gender, ranking in the last position within the names elected from the list most voted for, shall be replaced by the candidate belonging to the least represented gender who ranks first among the non-elected candidates from the same list; the same procedure applies until the minimum number of administrators belonging to the least represented gender has been reached. Should the minimum number of administrators belonging to the least represented gender not be reached despite this ranking system, the aforesaid system shall apply to the minority lists, starting from the lowest-ranking one.</p> <p>-----OMISSIS-----</p>	<p>candidates elected shall be those with the highest ratios, up to the number of members to be elected, of which at least 1 (one) of the least represented gender. Should candidates on different lists obtain equal ratios, the last eligible member shall come from the list most voted for; in the case of an ensuing draw, the eldest candidate shall be preferred, in compliance with all legislation and regulations in force.</p> <p>Should the meeting fail to elect the minimum number of administrators belonging to the least represented gender, the candidate belonging to the most represented gender, ranking in the last position within the names elected from the list most voted for, shall be replaced by the candidate belonging to the least represented gender who ranks first among the non-elected candidates from the same list; the same procedure applies until the minimum number of administrators belonging to the least represented gender has been reached. Should the minimum number of administrators belonging to the least represented gender not be reached despite this ranking system, the aforesaid system shall apply to the minority lists, starting from the lowest-ranking one.</p> <p>-----OMISSIS-----</p>
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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.

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### **Resolution Proposal**

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

“HERA S.p.A.’s Extraordinary Meeting,

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

**resolves**

- (i) to amend art. 17.2 of the Articles of Association as highlighted in the text below, providing a comparative description of the proposed amendments.

Art. 17 APPOINTMENT OF THE BOARD OF DIRECTORS	Art. 17 APPOINTMENT OF THE BOARD OF DIRECTORS
<p style="text-align: center;">-----OMISSIS-----</p> <p>17.2 The members of the Board of Directors will be appointed as follows:</p> <p>(i) from the list which obtained the highest number of votes, 12 (twelve) members of the Board of Directors are chosen, based on the sequential order in which they were listed. At least 2 (two) members thereof shall belong to the gender that is least represented on the date of the first renewal of the executive body following the enforcement and implementation of the provisions under Law 12 July 2011 n 120; at least 4 (four) members shall belong to the least represented gender in the following two renewal sessions;</p> <p>(ii) for the appointment of the remaining 3 (three) members, the votes obtained by each of the lists other than the list under section (i), and the lists that were neither presented nor voted for by shareholders who are – in compliance with the regulations in force - associated with the shareholders who presented or voted for the list under section (i), are then divided by one, two, three and four. The resulting ratios are progressively assigned to the candidates of each list, in the order set forth in the list. The candidates are therefore placed in a single descending order list, organised according to the ratios assigned to each candidate. The candidates</p>	<p style="text-align: center;">-----OMISSIS-----</p> <p>17.2 The members of the Board of Directors will be appointed as follows:</p> <p>(i) from the list which obtained the highest number of votes, <del>12 (twelve)</del> 11 (eleven) members of the Board of Directors are chosen, based on the sequential order in which they were listed. At least 2 (two) members thereof shall belong to the gender that is least represented on the date of the first renewal of the executive body following the enforcement and implementation of the provisions under Law 12 July 2011 n. 120; at least 4 (four) members shall belong to the least represented gender in the following two renewal sessions;</p> <p>(ii) for the appointment of the remaining 3 (three) members, the votes obtained by each of the lists other than the list under section (i), and the lists that were neither presented nor voted for by shareholders who are – in compliance with the regulations in force - associated with the shareholders who presented or voted for the list under section (i), are then divided by one, two, three and four. The resulting ratios are progressively assigned to the candidates of each list, in the order set forth in the list. The candidates are therefore placed in a single descending order list, organised according to the ratios assigned to each candidate. The candidates elected shall be those with the highest ratios, up to the number</p>

<p><i>elected shall be those with the highest ratios, up to the number of members to be elected, of which at least 1 (one) of the least represented gender. Should candidates on different lists obtain equal ratio, the last eligible name shall come from the list most voted for; in the case of an ensuing draw, the eldest candidate shall be preferred, in compliance with all legislation and regulations in force.</i></p> <p><i>Should the meeting fail to elect the minimum number of administrators belonging to the least represented gender, the candidate belonging to the most represented gender, ranking in the last position within the names elected from the list most voted for, shall be replaced by the candidate belonging to the least represented gender who ranks first among the non elected candidates from the same list; the same procedure applies until the minimum number of administrators belonging to the least represented gender has been reached. Should the minimum number of administrators belonging to the least represented gender not be reached despite this ranking system, the above system shall apply to the minority lists, starting from the lowest-ranking one.</i></p> <p style="text-align: center;">-----OMISSIS-----</p>	<p><i>of members to be elected, of which at least 1 (one) of the least represented gender. In the case of equal ratio received by candidates on different lists, the last eligible member shall come from the list most voted for; in the case of an ensuing draw, the eldest candidate shall be preferred, in compliance with all legislation and regulations in force.</i></p> <p><i>Should the meeting fail to elect the minimum number of administrators belonging to the least represented gender, the candidate belonging to the most represented gender, ranking in the last position within the names elected from the list most voted for, shall be replaced by the candidate belonging to the least represented gender who ranks first among the non elected candidates from the same list; the same procedure applies until the minimum number of administrators belonging to the least represented gender has been reached. Should the minimum number of administrators belonging to the least represented gender not be reached despite this ranking system, the above system shall apply to the minority lists, starting from the lowest-ranking one.</i></p> <p style="text-align: center;">-----OMISSIS-----</p>
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- (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

***The Board Chairman***  
(Mr. Tomaso Tommasi di Vignano)