



HERA S.P.A.

Registered Office in Bologna, Viale Carlo Berti Pichat n. 2/4

Share Capital € 1,489,538,745.00

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 Extraordinary and Ordinary Shareholders' Meeting
convened on 28 April 2015 at 10:00 in a single calling*

Dear Shareholders,

HERA S.p.A.'s Board of Directors has convened an Extraordinary and Ordinary Shareholders' Meeting to be held at the Company's Registered Office – *Viale Berti Pichat n. 2/4, Bologna, "Spazio Hera"* area – on 28 April 2015 at 10.00 in a single calling, aimed at discussing and endorsing the following:

agenda

Extraordinary Part

1. Amendment of articles 6, 21 and 26 of the Company's Articles of Association: applicable and ensuing resolutions.
2. Amendment of articles 7, 14, 16 and 17 of the Company's Articles of Association, including the introduction of a transitory norm pertaining to the amendments of articles 16 and 17: applicable and ensuing resolutions.

Ordinary Part

1. Financial statements for the year ended 31 December 2014, Management report, Profit allotment proposal and Board of Statutory Auditors and Independent Auditors' report: applicable and ensuing resolutions. Presentation of the consolidated financial statements at 31 December 2014.
2. Presentation of the corporate governance report and resolutions pertaining to remuneration policies.
3. Renewal of authorisation to purchase treasury shares and procedures for arrangement of the same: applicable and ensuing resolutions.

First item on the agenda for the Extraordinary Part.

Amendment of articles 6, 21 and 26 of the Company's Articles of Association: applicable and ensuing resolutions

The Board of Directors of HERA S.p.A. (hereinafter "Hera" or the "Company"), has convened you to the present Extraordinary Shareholders' Meeting in order to bring to your attention a resolution regarding the amendment of articles 6, 21 and 26 of the Articles of Association (hereinafter "Articles of Association" or "Articles").

The present report has been drafted in compliance with the provisions set out in article 72 of the

regulation implemented by Consob resolution n. 11971 of 14 May 1999, as subsequently amended and supplemented (hereinafter “Issuers’ Regulation”), and those of Annex 3A, Table 3, in the same Issuers’ Regulation.

As a preliminary statement, note that the principle amendment submitted to your approval concerns the introduction in the Articles of Association of so-called increased voting rights, while a number of the other proposals for amendments have either a formal or technical nature, related to the introduction of increased voting rights, for reasons involving compliance with the applicable regulations.

The amendments to the Articles of Association submitted to your approval, along with the respective motivations, are illustrated as follows.

- **Introduction of increased voting rights – articles 6.1 and 6.4 of the Articles of Association**

The principle of increased voting rights was introduced in Italy by article 20 of the Law Decree n. 91 of 24 June 2014, converted with amendments into Law n. 116 of 11 August 2014.

In particular, legislations concerning this principle are found in Article 127-*quinquies* of Legislative Decree n. 58 of 24 February 1998 (hereinafter “TUF”) and the regulations emitted by Consob with resolution 19084 of 19 December 2014 that implemented the new regulations, amending to this effect the Issuers’ Regulation.

The introduction of regulations pertaining to increased voting rights is intended to provide incentives for medium-long term investments and therefore promote a stable shareholder base. Moreover, this principle is complementary to those included in the Corporate Governance Code for Listed Companies, that encourage companies to pursue the creation of value for shareholders over the medium-long term. This objective will credibly be better achieved with the support of increased voting rights granted to “committed” shareholders, i.e. those who have proven their loyalty to the Company by maintaining their shares owned for an adequate period of time.

In its meeting held on 24 March 2015, the Board of Directors provided a positive evaluation of both the adoption of increased voting rights as a measure held to be in the best interest of the Company, and the further amendments proposed here of its Articles of Association. The Board also carried out an in-depth analysis of the effects of the amendments made by Law Decree n. 91 of 24 June 2014 to the articles of the TUF, the implementation rules issued by Consob with regulation n. 19084 of 19 December 2014, and the clauses of the Articles of Association proposed to be amended.

It should be noted that this decision was made by the Board of Directors, in that the matter is directly regulated by law and does not involve the competencies of the committees established by the Board of Directors. The Board’s resolution was reached unanimously, including the votes in favour expressed by the independent members of the Board.

Hera's Board of Directors considers it appropriate for the Company to adopt this legislative innovation, to the extent illustrated below, with the intention of favouring – through the incentive of a vote increase – the involvement, in a number of specific medium-long term decisions made by the Company, of those shareholders (including minority shareholders) who have proven their commitment.

This is all the more important for a company such as Hera, whose strategic objective consists in creating value through a multi-stakeholder approach over the medium-long term. A Company that operates in public utility sectors and is furthermore marked by multi-year concessions and investments can only benefit from a shareholder base that has a similar interest in its medium-long term perspectives, that shares in and stably accompanies the development of its activities, in such a way as to consolidate its bonds with both the stakeholders located across the Group's principal reference area and its long-term investors.

The Board of Directors maintains that the statutory amendments illustrated in the present report fully allow the ample space delegated by the applicable legislative regulations to the autonomous norms of articles of association to be used in a balanced and measured way, respecting the interests of all shareholders.

The Board of Directors, in evaluating the Company's interests while formulating its proposal, believes that the the aforementioned requirements and aims in providing incentives for medium-long term investment can be further supported by introducing increased voting rights even in companies with a prevalently public shareholder structure, such as yours. This is because the proposal would reward minorities who intend to protect, by means of medium-long term investments, their influence with respect to investors who operate on a shorter time scale; similarly, those public shareholders who confirm their medium-long term investment would also be rewarded. It should be noted that, in order to make the introduction of increased voting rights all the more incentive-based and balanced, and to encourage the participation of a stable minority in actions aimed at defining the Company's governance and management, the Board of Directors will presently submit to your approval a proposal to increase the current number of components of the Board of Directors, from 14 to 15 members, of whom 4 members, instead of 3, are to be elected from lists presented by minority shareholders, through the introduction of a "Transitory Norm". This proposal for an amendment of the Articles of Association is treated in the Administrators' Explanatory Report, during the discussion of item 2 of the extraordinary part of the shareholders' meeting agenda.

What follows is a close examination of the new articles 6.4 and 6.1 of the Articles of Association.

Ratio for the increase in voting rights, vesting period and qualifying in rem right

Article 127 – *quinquies* of the TUF provides for increased voting rights to be attributed, up to a maximum of two votes, to shares held by the same shareholder for an uninterrupted period of no less than twenty-four months.

The Board of Directors proposes that increased voting rights be attributed up to the maximum amount allowed by law, i.e. two votes for each share whose voting right has belonged to the same legal subject for an uninterrupted period of at least 24 months starting from the effective date of registration in the appropriate list, provided therein.

It furthermore proposes that this increase be applied only in the shareholders' meeting resolutions having the following objectives: (i) amendment of article 6.4 of the Articles of Association, that governs increased voting rights, as well as article 8 of the Articles of Association, that regulates the limits set to share possession; (ii) the appointment and/or revocation of the Board of Directors or its members in accordance with article 17 of the Articles of Association; and (iii) the appointment and/or revocation of the Board of Statutory Auditors or its members in accordance with article 26 of the Articles of Association. The reasons for limiting the application of increased voting rights stem from a will to establish a correct balance between a first objective, consisting in providing incentives for the presence of stable shareholders, including minority shareholders, as expressed above, who will thus be able to contribute with their reinforced participation in the appointment/revocation of the corporate bodies and, therefore, increment their bearing on the Company's governance, and a second objective, consisting in maintaining the equivalence expressed by the formula "one share one vote" as regards expressing orientations on all other issues involved in the Company's governance, avoiding, in this way as well, that excessive obligations be imposed on current and future shareholders. Amendments to both Article 6.4 (Shares and increased voting rights), within which the regulations under proposal regarding increased voting rights are included, and Article 8 (Limitation to possession of shares), within which regulations are provided as to limits on share possession, are among the shareholders' meeting topics subject to double voting rights. These issues have been included within the category of decisions related to the proposal of the application of an increase in voting rights primarily to achieve greater coherence with the introduction of the new regulations. In particular, as concerns any possible future amendment to Article 6.4 (Shares and increased voting rights), the application of increased voting rights is aimed at allowing shareholders who have been attributed increased voting rights, and have acted in reliance to them, to participate, coherently, with double voting in implementing any amendments to this regulation.

Similarly, the Board of Directors maintains that, coherently with the introduction of rules as to

increased voting rights, decisions as to the provisions of article 8 (Limitation to possession of shares) of the Articles of Association shall be taken allowing the exercise of all votes so entitled by way of the increase in voting rights, considering that the limits on share possession are applied to the share capital and that attributing increased votes works in favour of all shareholders, thus allowing non-public shareholders as well to exercise voting rights that may exceed 5% of the votes represented in the shareholders' meeting. It therefore seems consistent to allow shareholders who have acquired and relied on increased votes to participate with double voting rights in any possible amendments to article 8 (Limitation to possession of shares), as such amendments may have consequences on the number of votes that are actually exercised in shareholders' meetings.

The amendments to the Articles of Association submitted for approval by the Shareholders' Meeting furthermore stipulate that the entitling prerequisite for inclusion must be attested by an appropriate certification and/or communication from the intermediary, issued in accordance with applicable regulations and, therefore, must have been included in the special list for an uninterrupted period of 24 months.

The Board of Directors therefore suggests that double voting rights should be attributed to (i) the full owner of a share being entitled to the attached voting right, (ii) the bare owner of a share being entitled to the attached voting right, and (iii) the usufructuary of a share being entitled to the attached voting right.

It also specifically suggests that any pledge on a share, in which the connected voting rights are maintained by the holder of the qualifying *in rem* right, would not cause any loss of entitlement to increased voting rights.

Creation of the special list, eligibility for registration and terms and conditions for allocating increased voting rights

The new article 6.4 of the Articles of Association also defines the premises and cases granting access to increased voting rights, as well as their conservation or loss.

The law in fact allows articles of association to provide the terms and conditions for allocating increased voting rights and for verifying the respective conditions, establishing, if necessary, a special list; this list, in accordance with article 143-*quater* of the Issuers' Regulation, must contain at least the information provided for therein.

With regard to said provisions, it is firstly proposed that the special list be established, and the Board of Directors be granted the ability to (i) define the criteria and the terms and conditions for list-keeping in accordance with the applicable laws and regulations, and (ii) to appoint the person in charge of the special list; (iii) to approve specific regulations. Note that these regulations will be

made publicly available on Hera's internet site.

Secondly, it is proposed that any party intending to gain access to increased voting rights shall have the right to request to be included in the special list, communicating the number of shares in question (potentially, only part of the shares belonging to the requesting shareholder). Eligibility for being included in the special list must be supported by an adequate certification and/or communication of the intermediary, pursuant to the applicable regulations, understood as the intermediary on whose accounts the shares are registered. The shareholder making such request will also have to issue, under penalty of rejection, in addition to the documents required by the applicable regulations, a specific declaration intended to allow a more effective verification of the conditions set out for eligibility; this declaration obliges the party in question to communicate to the Company any loss, for any reason, of the qualifying *in rem* right and/or the related voting rights, within 5 trading days from the date of the loss and, in any case, within the record date, if earlier. Furthermore, if the shareholder is not a natural person, the statement must also clarify whether the requesting party is controlled, in light of the disqualifying effects with respect to increased voting rights that may be implied, as will be illustrated below, by a transfer of control on behalf of the party who is undergoing the vesting period or to whom increased votes have already been attributed.

Note that every shareholder may, at any time, by means of a specific request, indicate further shares and ask that they be included in the special list.

In order to guarantee the fully functional, operative and transparent nature of the mechanism of increased voting, it is proposed that the Company attend to registration requests and update the list on a three-month basis, as will be specified in the regulations to be approved by the Board of Directors, in such a way as to allow the operative guidelines for overseeing the special list to be defined in further detail. Furthermore, in order to allow the list to be managed in a more orderly way, and therefore bearing organisational criteria in mind, it has been specified that any requests to be included in the list, along with its updates, will be effective only as of the first day in the quarter following the one in which they are received. This timeline does not lessen, in any case, Hera's obligations to disclose to the public and Consob the changes that have appeared in the composition of the share capital (which, with increased voting rights, shall also refer to the number of votes available).

To the purposes of exercising increased voting rights, the Articles of Association propose that shareholders provide the Company with appropriate certification, provided by the intermediary with whom the shares are deposited, in the forms envisaged by the applicable regulations.

It has also been provided for shareholders included in the special list to agree that the intermediary

take note of all circumstances and events that, under the current provisions and Articles of Association, invalidate the conditions for the vote increase or affect the ownership of the same.

Removal and/or waiver of the rights

The law furthermore allows articles of association to provide that parties holding the right to vote may irrevocably waive their right to increased votes, in whole or in part. The proposed article 6.4 of the Articles of Association also gives parties included in the special list the right to request at any time to be removed (in full or in part) with a consequent automatic loss (in full or in part) of eligibility to the benefit of increased voting rights, or to irrevocably waive said rights (in full or in part). Removal (in full or in part) from the list and/or waiver (in full or in part) of increased voting rights will become effective at the date in which the Company receives the respective written communication, to be sent to the Board of Directors at its registered office. This does not effect the party's right for their shares – for which a removal had previously been requested – to be newly included in the special list, and exercise the vote increase as soon as the period of uninterrupted ownership has entirely elapsed. Therefore, removal and/or waiver lead to clearance of the increase only of the removed and/or waived shares, and not the entire amount of shares registered in the list of shareholders with increased voting rights. This provision is intended to safeguard the needs of those investors who are requested over time to diversify and/or reduce, in whole or in part, their investments.

Transfer of the qualifying in rem right

Once again in article 6.4 of the Articles of Association, rules are set out for cases involving the loss of previously acquired increased voting rights, i.e. that prevent the party in question from continuing to be included in the special list that, once the twenty-fourth month has been reached, legitimately grants increased voting rights. These cases concern the implementation of a transfer of the qualifying *in rem* right, for any reason whatsoever (either for consideration or free of charge, direct or indirect).

In compliance with the provisions of law, transfer of shares or of the respective qualifying *in rem* rights, for consideration or free of charge, or direct or indirect transfer of the majority interest of a company or body whose voting right has risen above the threshold contemplated by Article 120, section 2, of the TUF, bring about the loss of the increase in voting rights. Direct or indirect transfers of shares or of the respective qualifying *in rem* right are not relevant for the purposes of loss of increased voting rights (or the order of registration in the special list) in the absence of a change in control and, therefore, have no effect in any occasion in which the transfer is carried out

in favour of a legal person or any other entity, including those without legal personality, subject to direct or indirect control by the selfsame entity controlling the assigner.

In the event that the shares or the qualifying *in rem* right is transferred as a result of a merger or spin-off of an entity already on the special list, the transferee concerned has the right to ask for inclusion with the same order of registration as the original transferor (and, consequently, any increased voting rights already attributed shall be maintained) provided the merger or spin-off has not resulted in a change in control, including a transfer of control.

No provisions have been made concerning transfers in the case of succession following death; therefore, increased voting rights will be maintained pursuant to article 127-*quinquies*, subsection 3, letter a).

Extension of increased voting rights

The Articles of Association allow for two cases in which increased voting rights are extended, providing indications as to their limits.

The first involves mergers and demergers of HERA. In this case, if provided for by the merger or spin-off project, the increased voting right is also due to the entitled shares in lieu of those to which the increased vote is attributed.

The second concerns capital increases. On this matter, note that increased voting rights are extended to conversion shares in a free share capital increase, pursuant to article 2442 of the Italian Civil Code, due to those holding shares with increased votes, and shares subscribed by holders of increased votes exercising option rights due to such shares.

Continuing with our illustration, and defining “Entitled Shares” as those shares due in exchange in the event of a merger or spin-off, and the conversion shares of a free increase and upon payment of the above capital, and defining “Registered Shares” as those exchanged or possessed before the capital increase, note that:

- (i) if the Registered Shares have already accrued the vote increase, the Entitled Shares shall also certainly benefit from the increase as of the moment they are included in the special list, pursuant to article 6.4 of the Articles of Association, without the expiration of the ownership period of twenty four months;
- (ii) if vice versa the vote increase for the Registered Shares has not yet accrued, but is in the process of accruing, the vote increase shall apply to those Entitled Shares that have been included in the special list as of the completion of the period of ownership of the Registered Shares, i.e. twenty four months.

Withdrawal or change to the benefit of double voting rights

Any change (ameliorative or pejorative) to the rules governing increased votes provided for by the present article, or their withdrawal, must be approved by Hera's extraordinary shareholders' meeting in accordance with law and with the majority described in article 14.2 of its Articles of Association, i.e. with the vote in favour of 3/4 of the share capital present. In light of the shareholders' legitimate expectations as to the application of increased voting rights, and their consequences in terms of medium-long term investments in the Company's shares, it has been deemed coherent to propose the application of the highest conventional voting quorum required to pass amendments to article 6.4 of the Articles of Association. It is furthermore suggested that, to the fullest extent permitted by law, any possible withdrawal or change to the benefit of increased voting rights shall not give rise to any right of cancellation.

Calculating the increase for the purposes of the shareholders' meeting quorum

Article 127-quinquies, section 8, of the TUF stipulates that, barring contrary provisions in the articles of association, the increase in voting rights also be calculated in defining the quorums required for a meeting to be considered valid and to pass resolutions, regarding quorums that refer to share capital rates: the Board suggests that this provision also be adopted.

It remains to be clarified that, in compliance with the provisions of the above-mentioned regulation, the increase does not affect rights, other than voting rights, due as a result of possession of certain capital quotas.

Adaptation of article 6.1 of the Articles of Association

The amendment to article 6.1 of the Articles of Association has a formal nature, it being a simple connection that introduces how increased voting rights will be governed. It is in fact intended to specify that article 6.1, that provides for ordinary shares to carry the right to one vote each, foresees exceptions consisting in the provisions contained in article 6.4 of the Articles of Association, governing the increased vote.

Amendment of article 21 of the Articles of Association

The proposed amendment to article 21.4 of the Articles of Association introduces among the resolutions that require the vote in favour of at least 4/5 of the members of the Board of Directors the proposal to include in the agenda of the extraordinary part of the shareholders' meeting the amendment of article 6.4 of the Articles of Association, that governs increased voting rights. This amendment is necessary in order to coordinate the text of article 21.4 with the new text to be

included in article 14.2 of the Articles of Association, object of the Directors’ Explanatory Report concerning the second item on the agenda of the extraordinary part of the shareholders’ meeting, that introduces the amendments of article 6.4 of the Articles of Association among those matters subject to the reinforced conventional deliberative quorum, in the same way as the other matters discussed in article 21.4 of the Articles of Association.

Amendment of article 26 of the Articles of Association

The proposed amendment to article 26.2 of the Articles of Association is intended to provide that the percentage required to present lists of candidates for electing the Board of Statutory Auditors be automatically adjusted with respect to the different percentage that was provided for by current regulations, as long as the meeting notice contains an indication to this effect; the current applicable percentage has thus also been adjusted. The reason for this amendment lies in the aforementioned, strictly technical, considerations.

The amendments submitted for approval during today’s Meeting, in line with the above indications, are illustrated in the following overview, that presents a comparison between the current text and the proposed text of the Articles for which an amendment is proposed.

CURRENT TEXT	PROPOSED TEXT
ART. 6 SHARES	ART. 6 SHARES AND INCREASED VOTING RIGHTS
6.1 Every share is indivisible and gives the right to one vote. In the case of the issue of preference shares on the increase in the share capital, the resolution of the shareholders’ meeting increasing the share capital may limit the exercise of the right to vote by the holders of the shares.	6.1 Every share is indivisible and gives the right to one vote, with the exception of the the provisions found in paragraph 6.4 of the Articles of Association. In the case of the issue of preference shares on the increase in the share capital, the resolution of the shareholders’ meeting increasing the share capital may limit the exercise of the right to vote by the holders of the shares.
6.2 In the case of co-ownership of shares the provisions of article 2347 of the Italian Civil Code are applicable.	Unvaried
6.3 The shares are nominative. If fully un-encumbered, they can also be bearer, on the choice of the shareholder, where not prohibited by law.	Unvaried
	6.4 Notwithstanding the provisions of the preceding paragraph 6.1, each share gives the right to two votes in shareholders’ meeting resolutions concerning (“Shareholders’ Meeting Resolutions with Increased Voting Rights”) (i) the amendment of the present article 6.4 and/or of article 8 of the Articles of Association, and (ii) the

CURRENT TEXT	PROPOSED TEXT
	<p>appointment and/or revocation of the Board of Directors or its members in compliance with article 17 of the Articles of Association, and (iii) the appointment and/or revocation of the Board of Statutory Auditors or its members in compliance with article 26 of the Articles of Association if both of the following criteria are met:</p>
	<p>a) The right to vote has belonged to the same party, included in the special list described in the present article, under a qualifying <i>in rem</i> right (full owner of a share being entitled to the attached voting right, bare owner of a share being entitled to the attached voting right, or usufructuary of a share being entitled to the attached voting right) for a continuous period of at least twenty four months from the effective date of inclusion in said list; and</p>
	<p>b) the fulfilment of the criteria under <i>a)</i> above is confirmed by appropriate certification and/or communication from the intermediary pursuant to applicable regulations and therefore with a continuous duration of inclusion in the special list for such a period.</p>
	<p>If the criteria set out in the previous subsection are met, the holder shall be entitled to exercise two votes for each share in Shareholders' Meeting Resolutions with Increased Voting Rights, by displaying the appropriate certification issued by the intermediary with whom the shares are deposited, in the form provided by the applicable legislation.</p>
	<p>The special list for entitlement to increased voting rights is kept.</p>
	<p>The Board of Directors shall appoint the officer responsible for keeping such list, and shall fix the list-keeping rules and procedures in accordance with the applicable laws and regulations and approve detailed regulations, which will be published on the Company's internet site.</p>
	<p>Updates and additions to the list occur on a three-month basis, as indicated in the regulations. Even if they are priorly received, requests to be included in the list and for it to be updated, against having been included in the updated special list, will be effective only as of the first day of the quarter following the one in</p>

CURRENT TEXT	PROPOSED TEXT
	which they are received.
	Any party who intends to benefit from increased voting rights may ask to be entered in the special list, communicating the number of shares for which entry has been requested. Eligibility for registration in the special list must be attested by appropriate certification and/or communication from the intermediary, in accordance with applicable regulations. Every shareholder may, at any time, with a specific request, indicate further shares and ask that they be included in the special list.
	The request for inclusion in the special list must be accompanied, in order to be valid, by the certification requested by applicable regulations and a statement signed by the applicant, in which,
	a) in the case of a natural person: the applicant declares (i) that he/she has full ownership, formally and substantively, of the right to vote by virtue of a qualifying <i>in rem</i> right, and (ii) that he/she will notify the company of the loss, for any reason, of that qualifying <i>in rem</i> right and/or of the associated voting right, within 5 (five) business days from the date of that loss and, in any case, within the record date if previous; and
	b) in the case of a legal entity or any other entity even without legal personality: the applicant declares (i) that is has full ownership, formally and substantively, of the right to vote by virtue of a qualifying <i>in rem</i> right, (ii) that it is subject, where appropriate to (direct or indirect) control by another entity. With full details of the controlling entity, and (iii) that it shall notify the Company of any loss, for any reason, of the qualifying <i>in rem</i> right and/or the corresponding voting right, or that it has undergone a change in control, within 5 (five) business days from the date of that loss or of the change in control and, in any case, within the record date if previous.
	Any shareholder included in the special list allows the intermediary to take note of any circumstance or event that, under the present Articles of Association, invalidates the conditions for the increase of voting rights or affect the ownership of the same.

CURRENT TEXT	PROPOSED TEXT
	<p>Any party included in the special list may ask to be removed (in full or in part) at any time, with the consequent automatic loss (in full or in part) of the benefit of increased voting rights. Any party with increased voting rights may also irrevocably waive all or part of these rights by sending a written communication to the Company, without prejudice to any disclosure requirements laid down by law. Removal (in full or in part) from the list and/or waiver (in full or in part) of increased voting rights will become effective at the date when the Company receives said written communication, to be sent to the Board of Directors at its registered office. In this case, the increase in voting rights can be newly granted with a new registration in the special list, when the period of uninterrupted ownership has elapsed.</p>
	<p>Transfer of shares or of the respective qualifying <i>in rem</i> rights, for consideration or free of charge, or direct or indirect transfer of the majority interest of a company or body whose voting right has risen above the threshold contemplated by Article 120, section 2, of D.Lgs. 58/1998, cause the loss of the increase in voting rights. Direct or indirect transfers of shares or of the respective qualifying <i>in rem</i> right are not relevant for the purposes of loss of increased voting rights (or the order of registration in the special list) in the absence of a change in control and therefore have no effect in any occasion in which the transfer is carried out in favour of a legal person or any other entity, including those without legal personality, subject to direct or indirect control by the selfsame entity controlling the assigner.</p> <p>In the event that the shares or the qualifying <i>in rem</i> right is transferred as a result of a merger or spin-off of an entity already on the special list, the transferee concerned may ask for inclusion in the special list in the same order of registration as the original transferor (and, consequently, any increased voting rights already accrued shall be maintained) provided the merger or spin-off has not resulted in a change in control, including a transfer of control. Any pledge granted on a share without assignment of the connected voting rights will</p>

CURRENT TEXT	PROPOSED TEXT
	not result in the loss of the increased voting right.
	Subject to the above provisions, the transfer of the qualifying <i>in rem</i> right (either for consideration or free of charge) shall result in exclusion from the special list, and, consequently, the loss of any increased voting rights if already accrued, or of the period of ownership necessary for accrual, if not yet accrued.
	Increased voting rights are extended to shares (“Entitled Shares”) (i) of the Company, issued in implementation of a capital increase with options of purchase or conversion of a capital increase pursuant to article 2442 of the Italian Civil Code, as due to those holding shares for which increased voting rights have already accrued (“Registered Shares”); and
	(ii) entitled to the owner in lieu of Registered Shares, in the event of a Company merger or spin-off, where contemplated by the merger or spin-off project.
	In cases described in the preceding points (i) and (ii), (A) Entitled Shares acquire increased voting rights at the time in which they are included in the special list, with no need for a further period of uninterrupted ownership; and (B) if the increase in voting rights for the Registered Shares has not yet accrued, but is in the process of accruing, the increase in voting rights shall apply to those Entitled Shares that have been included in the special list as of the completion of the period of ownership calculated starting from their inclusion in the special list of Registered Shares.
	The constitutive and deliberative quorums – pertaining to Shareholders’ Meeting Resolutions with Increased Voting Rights – that refer to share capital quotas are always calculated with (possibly) entitled increased voting rights.
	The increase has no effect whatsoever on rights, other than voting rights, associated with the possession of certain capital quotas.
	Any (positive or adverse) change to the rules governing the allocation or revocation of increased voting rights referred to under this article or its elimination are approved by the extraordinary shareholders’ meeting pursuant to applicable provisions of law with the majority

CURRENT TEXT	PROPOSED TEXT
	described in article 14.2 of the Articles of Association. In any event, any right of withdrawal is excluded to the fullest extent permitted by law.
	In this article the relevant definition of the concept of control, referred to a legal person or entity, even without legal personality, is that laid down in article 2359, sections 1 and 2, of the Italian Civil Code.
ART. 21 VALIDITY OF THE RESOLUTIONS	ART. 21 VALIDITÀ DELLE DELIBERAZIONI
21.1 For the validity of the resolutions of the Board it is necessary to have a majority of its members.	Unvaried
21.2 The resolutions are passed on the majority of the votes of those present.	Unvaried
21.3 The Board of Directors, with the votes in favour of (a) at least 2/3 (two thirds), rounding down if necessary, of the members in office and (b) an additional member of the Board, to be added to the 2/3 calculated according to the previous letter (a), resolves as to:	Unvaried
(i) appointment and/or revocation of the Chairman and Deputy Chairman, except where the Chairman is appointed by the shareholders' meeting;	Unvaried
(ii) appointment and/or revocation of the Managing Director and/or General Manager;	Unvaried
(iii) constitution and composition of the executive committee, appointment and/or revocation of the members of the executive committee;	Unvaried
(iv) determination of the delegated powers of the Managing Director and/or General Manager and/or executive committee and their modifications;	Unvaried
(v) approval and modification of long-term plans and the business plan;	Unvaried
(vi) approval and modification of group regulations, if adopted;	Unvaried
(vii) assumption and/or appointment, on the proposal of the managing director, of the management responsible for each of the divisional areas.	Unvaried
21.4 The Board of Directors with the favourable vote of at least 4/5 (four fifths), rounded down if necessary, of the members appointed resolves on the proposal to put to the extraordinary shareholders' meeting the modification of articles 7, 8, 14 and 17 of the by-laws.	21.4 The Board of Directors with the favourable vote of at least 4/5 (four fifths), rounded down if necessary, of the members appointed resolves on the proposal to put to the extraordinary shareholders' meeting the modification of articles 6.4 , 7, 8, 14 and 17 of the by-laws.
21.5 The meeting may be carried out by teleconference or videoconference on the condition that each participant may be identified by all the	Unvaried

CURRENT TEXT	PROPOSED TEXT
<p>others and that each participant is able to follow the discussions and to intervene in real time on the matters under consideration. Where these conditions exist, the meeting is considered to take place where the Chairman and Secretary are located.</p>	
<p>ART. 26 APPOINTMENT OF THE STATUTORY AUDITORS</p>	<p>ART. 26 APPOINTMENT OF THE STATUTORY AUDITORS</p>
<p>26.1 The Statutory Auditors are appointed on the basis of lists presented by the shareholders, in accordance with the procedure described below, in order to ensure that the minority shareholders appoint one Standing Auditor and one Alternate Auditor. The Municipalities, Provinces and Consortia incorporated in accordance with article 31 of Legislative Decree 267/2000 or other Bodies or Public Authorities as well as the consortia or limited companies controlled directly or indirectly by the latter may present one single list until such time as the company is no longer primarily government-owned in accordance with the provisions of article 7. The composition of the Board of Statutory Auditors, as of the first renewal of the supervisory body following the entry into force and effectiveness of the provisions of Law no. 120 of 12 July 2011 and with reference to the first three consecutive terms of office, must ensure compliance with current legislation and regulations on the balance between the sexes.</p>	<p>Unvaried</p>
<p>The lists contain a number of candidates no greater than the number of members to be elected, listed according to a progressive number. Each candidate can be presented in only one list at the risk of being deemed ineligible. Each list must contain a number of candidates of the least represented gender that ensures compliance with the principle of balance between the sexes at least to the extent required by current legislation and regulations. Lists presenting fewer than 3 (three) candidates are exempt from compliance with this requirement.</p>	<p>Unvaried</p>
<p>26.2 The shareholders who, alone or together with other shareholders, represent at least 3% (three percent) of the shares with voting rights at ordinary shareholders' meetings have the right to present lists.</p>	<p>26.2 The shareholders who, alone or together with other shareholders, represent at least 31% three-one percent) of the share capital shares with voting rights at ordinary shareholders' meetings, or a different percentage in compliance with current legislation and indicated in the meeting notice, have the right to present lists.</p>
<p>26.3 Each shareholder may present, or take part in presenting, one list only. In case of violation of this</p>	<p>Unvaried</p>

CURRENT TEXT	PROPOSED TEXT
rule, no account is taken of the vote of the shareholder for any of the lists presented.	
26.4 The lists, signed by the Board of Directors and the shareholders who presented them, must be filed, under penalty of cancellation, together with a declaration stating there are no agreements or connections of any kind with other shareholders who have presented other lists, at the registered office at least twenty-five days prior to the date set for the shareholders' meeting. The lists must be made public within the times and methods set forth in article 17.5.	Unvaried
Within the period for the filing of the lists, declarations must be filed, in which the individual candidates accept their candidacies and, under their own responsibility, declare that causes of ineligibility or incompatibility provided by the law do not exist, and that they meet the requisites of integrity and professionalism required by law for the members of the Board of Statutory Auditors, and provide a list of their administration and control offices held in other companies. Any lists for which the above provisions are not observed or which do not include candidates of different genders in conformity with the provisions of article 26.1 of the by-laws shall be considered as not presented.	Unvaried
Everyone entitled to vote may vote for one list only.	Unvaried
26.5 Two Standing Auditors and one Alternate Auditor shall be taken from the list obtaining the highest number of shareholders' votes, in the sequential order with which they are listed on the list. Of these, at least one (1) must be an Standing Auditor of the least represented gender.	Unvaried
The third Standing Auditor and the other Alternate Auditor will be taken from the other lists, electing the first and second candidate, respectively, of the list that has the second-highest number of votes. Of these, at least one (1) must be an Alternate Auditor of the least represented gender. In case of an equal number of votes between two or more lists, the oldest candidate will be elected, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations. If the minimum number of Standing and Alternate Auditors of the least represented gender are not elected, the candidate of the best represented gender appearing in last place on the list obtaining the highest number of votes will be substituted by the candidate of the least represented gender from	Unvaried

CURRENT TEXT	PROPOSED TEXT
<p>among the unelected candidates on that list, and so on until the minimum number of Statutory Auditors of the least represented gender is reached. If, despite the application of this criterion, the minimum number of Statutory Auditors of the least represented gender is not reached, the indicated substitution criterion will be applied to the minority lists, starting with the one obtaining the highest number of votes.</p>	
<p>26.6 The Chairman of the Board of Statutory Auditors will be the first candidate of the list obtaining the second-highest number of votes.</p>	Unvaried
<p>In case of an equal number of votes between two or more lists, the oldest candidate will be appointed Chairman, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations.</p>	Unvaried
<p>For the appointment of the Statutory Auditors that, for any reason, are not appointed in accordance with the above methods, the shareholders' meeting shall resolve with the legal majority, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations.</p>	Unvaried
<p>26.7 In the case of substitution of a Standing Auditor, the Alternate Auditor belonging to the same list as the Statutory Auditor to be substituted takes his/her place, in compliance with the principles of essential representation of minorities and balance between the sexes.</p>	Unvaried
<p>The appointment of the Statutory Auditors in order to complete the Board of Statutory Auditors, in accordance with article 2401 of the Italian Civil Code, shall be performed by the Shareholders' Meeting with the majority envisaged by legal provisions, by selecting from the names indicated by the shareholders presenting the list to which the resigning Statutory Auditor belonged. Where this is not possible, the Shareholders' Meeting must make the substitution by way of legal majority, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations.</p>	Unvaried
<p>26.8 The Shareholders' Meeting determines the remuneration of the Statutory Auditors, in addition to the reimbursement of expenses incurred in carrying out their duties.</p>	Unvaried
<p>The powers, duties and term of office of Statutory Auditors will be those established by law.</p>	Unvaried

The amendments proposed do not confer the right of withdrawal pursuant to article 2437 of the Italian Civil Code to shareholders who do not take part in the approval.

Resolution proposal

In view of the above, the Board of Directors invites you to endorse the following resolutions:

“HERA S.p.A.’s extraordinary shareholders’ meeting :

- *after hearing the President’s clarification;*
- *after acknowledging the Board of Directors’ explanatory report and the proposals stated therein;*

resolves

- (i) *to amend articles 6, 21 and 26 of the Articles of Association as highlighted in the text reproduced below with a comparative description of the amendments proposed*

CURRENT TEXT	PROPOSED TEXT
ART. 6 SHARES	ART. 6 SHARES AND INCREASED VOTING RIGHTS
6.1 Every share is indivisible and gives the right to one vote. In the case of the issue of preference shares on the increase in the share capital, the resolution of the shareholders’ meeting increasing the share capital may limit the exercise of the right to vote by the holders of the shares.	6.1 Every share is indivisible and gives the right to one vote, with the exception of the the provisions found in paragraph 6.4 of the Articles of Association. In the case of the issue of preference shares on the increase in the share capital, the resolution of the shareholders’ meeting increasing the share capital may limit the exercise of the right to vote by the holders of the shares.
6.2 In the case of co-ownership of shares the provisions of article 2347 of the Italian Civil Code are applicable.	Unvaried
6.3 The shares are nominative. If fully un-encumbered, they can also be bearer, on the choice of the shareholder, where not prohibited by law.	Unvaried
	6.4 Notwithstanding the provisions of the preceding paragraph 6.1, each share gives the right to two votes in shareholders’ meeting resolutions concerning (“Shareholders’ Meeting Resolutions with Increased Voting Rights”) (i) the amendment of the present article 6.4 and/or of article 8 of the Articles of Association, and (ii) the appointment and/or revocation of the Board of Directors or its members in compliance with article 17 of the Articles of Association, and (iii) the appointment and/or revocation of the Board of Statutory Auditors or its members in compliance with article 26 of the Articles of Association if both of the

<i>CURRENT TEXT</i>	<i>PROPOSED TEXT</i>
	<i>following criteria are met:</i>
	<p><i>c) The right to vote has belonged to the same party, included in the special list described in the present article, under a qualifying in rem right (full owner of a share being entitled to the attached voting right, bare owner of a share being entitled to the attached voting right, or usufructuary of a share being entitled to the attached voting right) for a continuous period of at least twenty four months from the effective date of inclusion in said list; and</i></p>
	<p><i>d) the fulfilment of the criteria under a) above is confirmed by appropriate certification and/or communication from the intermediary pursuant to applicable regulations and therefore with a continuous duration of inclusion in the special list for such a period.</i></p>
	<p><i>If the criteria set out in the previous subsection are met, the holder shall be entitled to exercise two votes for each share in Shareholders' Meeting Resolutions with Increased Voting Rights, by displaying the appropriate certification issued by the intermediary with whom the shares are deposited, in the form provided by the applicable legislation.</i></p>
	<p><i>The special list for entitlement to increased voting rights is kept.</i></p>
	<p><i>The Board of Directors shall appoint the officer responsible for keeping such list, and shall fix the list-keeping rules and procedures in accordance with the applicable laws and regulations and approve detailed regulations, which will be published on the Company's internet site.</i></p>
	<p><i>Updates and additions to the list occur on a three-month basis, as indicated in the regulations. Even if they are priorly received, requests to be included in the list and for it to be updated, against having been included in the updated special list, will be effective only as of the first day of the quarter following the one in which they are received.</i></p>
	<p><i>Any party who intends to benefit from increased voting rights may ask to be entered in the special list, communicating the number of shares for which entry has been requested. Eligibility for registration in the special list must be attested by appropriate certification and/or communication from the intermediary, in accordance with applicable regulations. Every shareholder may, at</i></p>

<i>CURRENT TEXT</i>	<i>PROPOSED TEXT</i>
	<i>any time, with a specific request, indicate further shares and ask that they be included in the special list.</i>
	<i>The request for inclusion in the special list must be accompanied, in order to be valid, by the certification requested by applicable regulations and a statement signed by the applicant, in which,</i>
	<i>c) in the case of a natural person: the applicant declares (i) that he/she has full ownership, formally and substantively, of the right to vote by virtue of a qualifying in rem right, and (ii) that he/she will notify the company of the loss, for any reason, of that qualifying in rem right and/or of the associated voting right, within 5 (five) business days from the date of that loss and, in any case, within the record date if previous; and</i>
	<i>d) in the case of a legal entity or any other entity even without legal personality: the applicant declares (i) that is has full ownership, formally and substantively, of the right to vote by virtue of a qualifying in rem right, (ii) that it is subject, where appropriate to (direct or indirect) control by another entity. With full details of the controlling entity, and (iii) that it shall notify the Company of any loss, for any reason, of the qualifying in rem right and/or the corresponding voting right, or that it has undergone a change in control, within 5 (five) business days from the date of that loss or of the change in control and, in any case, within the record date if previous.</i>
	<i>Any shareholder included in the special list allows the intermediary to take note of any circumstance or event that, under the present Articles of Association, invalidates the conditions for the increase of voting rights or affect the ownership of the same.</i>
	<i>Any party included in the special list may ask to be removed (in full or in part) at any time, with the consequent automatic loss (in full or in part) of the benefit of increased voting rights. Any party with increased voting rights may also irrevocably waive all or part of these rights by sending a written communication to the Company, without prejudice to any disclosure requirements laid down by law. Removal (in full or in part) from the list and/or waiver (in full or in part) of increased</i>

<i>CURRENT TEXT</i>	<i>PROPOSED TEXT</i>
	<p><i>voting rights will become effective at the date when the Company receives said written communication, to be sent to the Board of Directors at its registered office. In this case, the increase in voting rights can be newly granted with a new registration in the special list, when the period of uninterrupted ownership has elapsed.</i></p>
	<p><i>Transfer of shares or of the respective qualifying in rem rights, for consideration or free of charge, or direct or indirect transfer of the majority interest of a company or body whose voting right has risen above the threshold contemplated by Article 120, section 2, of D.Lgs. 58/1998, cause the loss of the increase in voting rights. Direct or indirect transfers of shares or of the respective qualifying in rem right are not relevant for the purposes of loss of increased voting rights (or the order of registration in the special list) in the absence of a change in control and therefore have no effect in any occasion in which the transfer is carried out in favour of a legal person or any other entity, including those without legal personality, subject to direct or indirect control by the selfsame entity controlling the assigner.</i></p> <p><i>In the event that the shares or the qualifying in rem right is transferred as a result of a merger or spin-off of an entity already on the special list, the transferee concerned may ask for inclusion in the special list in the same order of registration as the original transferor (and, consequently, any increased voting rights already accrued shall be maintained) provided the merger or spin-off has not resulted in a change in control, including a transfer of control.</i></p> <p><i>Any pledge granted on a share without assignment of the connected voting rights will not result in the loss of the increased voting right.</i></p>
	<p><i>Subject to the above provisions, the transfer of the qualifying in rem right (either for consideration or free of charge) shall result in exclusion from the special list, and, consequently, the loss of any increased voting rights if already accrued, or of the period of ownership necessary for accrual, if not yet accrued.</i></p>
	<p><i>Increased voting rights are extended to shares (“Entitled Shares”) (i) of the Company, issued in implementation of a capital increase with options of purchase or conversion of a capital increase</i></p>

CURRENT TEXT	PROPOSED TEXT
	<i>pursuant to article 2442 of the Italian Civil Code, as due to those holding shares for which increased voting rights have already accrued (“Registered Shares”); and</i>
	<i>(ii) entitled to the owner in lieu of Registered Shares, in the event of a Company merger or spin-off, where contemplated by the merger or spin-off project.</i>
	<i>In cases described in the preceding points (i) and (ii), (A) Entitled Shares acquire increased voting rights at the time in which they are included in the special list, with no need for a further period of uninterrupted ownership; and (B) if the increase in voting rights for the Registered Shares has not yet accrued, but is in the process of accruing, the increase in voting rights shall apply to those Entitled Shares that have been included in the special list as of the completion of the period of ownership calculated starting from their inclusion in the special list of Registered Shares.</i>
	<i>The constitutive and deliberative quorums – pertaining to Shareholders’ Meeting Resolutions with Increased Voting Rights – that refer to share capital quotas are always calculated with (possibly) entitled increased voting rights.</i>
	<i>The increase has no effect whatsoever on rights, other than voting rights, associated with the possession of certain capital quotas.</i>
	<i>Any (positive or adverse) change to the rules governing the allocation or revocation of increased voting rights referred to under this article or its elimination are approved by the extraordinary shareholders’ meeting pursuant to applicable provisions of law with the majority described in article 14.2 of the Articles of Association. In any event, any right of withdrawal is excluded to the fullest extent permitted by law.</i>
	<i>In this article the relevant definition of the concept of control, referred to a legal person or entity, even without legal personality, is that laid down in article 2359, sections 1 and 2, of the Italian Civil Code.</i>
ART. 21 VALIDITY OF THE RESOLUTIONS	ART. 21 VALIDITÀ DELLE DELIBERAZIONI
<i>21.1 For the validity of the resolutions of the Board it is necessary to have a majority of its members.</i>	<i>Unvaried</i>
<i>21.2 The resolutions are passed on the majority of the votes of those present.</i>	<i>Unvaried</i>
<i>21.3 The Board of Directors, with the votes in favour</i>	<i>Unvaried</i>

CURRENT TEXT	PROPOSED TEXT
<i>of (a) at least 2/3 (two thirds), rounding down if necessary, of the members in office and (b) an additional member of the Board, to be added to the 2/3 calculated according to the previous letter (a), resolves as to:</i>	
<i>(i) appointment and/or revocation of the Chairman and Deputy Chairman, except where the Chairman is appointed by the shareholders' meeting;</i>	<i>Unvaried</i>
<i>(ii) appointment and/or revocation of the Managing Director and/or General Manager;</i>	<i>Unvaried</i>
<i>(iii) constitution and composition of the executive committee, appointment and/or revocation of the members of the executive committee;</i>	<i>Unvaried</i>
<i>(iv) determination of the delegated powers of the Managing Director and/or General Manager and/or executive committee and their modifications;</i>	<i>Unvaried</i>
<i>(v) approval and modification of long-term plans and the business plan;</i>	<i>Unvaried</i>
<i>(vi) approval and modification of group regulations, if adopted;</i>	<i>Unvaried</i>
<i>(vii) assumption and/or appointment, on the proposal of the managing director, of the management responsible for each of the divisional areas.</i>	<i>Unvaried</i>
<i>21.4 The Board of Directors with the favourable vote of at least 4/5 (four fifths), rounded down if necessary, of the members appointed resolves on the proposal to put to the extraordinary shareholders' meeting the modification of articles 7, 8, 14 and 17 of the by-laws.</i>	<i>21.4 The Board of Directors with the favourable vote of at least 4/5 (four fifths), rounded down if necessary, of the members appointed resolves on the proposal to put to the extraordinary shareholders' meeting the modification of articles 6.4, 7, 8, 14 and 17 of the by-laws.</i>
<i>21.5 The meeting may be carried out by teleconference or videoconference on the condition that each participant may be identified by all the others and that each participant is able to follow the discussions and to intervene in real time on the matters under consideration. Where these conditions exist, the meeting is considered to take place where the Chairman and Secretary are located.</i>	<i>Unvaried</i>
ART. 26 APPOINTMENT OF THE STATUTORY AUDITORS	ART. 26 APPOINTMENT OF THE STATUTORY AUDITORS
<i>26.1 The Statutory Auditors are appointed on the basis of lists presented by the shareholders, in accordance with the procedure described below, in order to ensure that the minority shareholders appoint one Standing Auditor and one Alternate Auditor. The Municipalities, Provinces and Consortia incorporated in accordance with article 31 of Legislative Decree 267/2000 or other Bodies</i>	<i>Unvaried</i>

CURRENT TEXT	PROPOSED TEXT
<p>or Public Authorities as well as the consortia or limited companies controlled directly or indirectly by the latter may present one single list until such time as the company is no longer primarily government-owned in accordance with the provisions of article 7. The composition of the Board of Statutory Auditors, as of the first renewal of the supervisory body following the entry into force and effectiveness of the provisions of Law no. 120 of 12 July 2011 and with reference to the first three consecutive terms of office, must ensure compliance with current legislation and regulations on the balance between the sexes.</p>	
<p>The lists contain a number of candidates no greater than the number of members to be elected, listed according to a progressive number. Each candidate can be presented in only one list at the risk of being deemed ineligible. Each list must contain a number of candidates of the least represented gender that ensures compliance with the principle of balance between the sexes at least to the extent required by current legislation and regulations. Lists presenting fewer than 3 (three) candidates are exempt from compliance with this requirement.</p>	<p>Unvaried</p>
<p>26.2 The shareholders who, alone or together with other shareholders, represent at least 3% (three percent) of the shares with voting rights at ordinary shareholders' meetings have the right to present lists.</p>	<p>26.2 The shareholders who, alone or together with other shareholders, represent at least 31% (three one percent) of the share capital shares with voting rights at ordinary shareholders' meetings, or a different percentage in compliance with current legislation and indicated in the meeting notice, have the right to present lists.</p>
<p>26.3 Each shareholder may present, or take part in presenting, one list only. In case of violation of this rule, no account is taken of the vote of the shareholder for any of the lists presented.</p>	<p>Unvaried</p>
<p>26.4 The lists, signed by the Board of Directors and the shareholders who presented them, must be filed, under penalty of cancellation, together with a declaration stating there are no agreements or connections of any kind with other shareholders who have presented other lists, at the registered office at least twenty-five days prior to the date set for the shareholders' meeting. The lists must be made public within the times and methods set forth in article 17.5.</p>	<p>Unvaried</p>
<p>Within the period for the filing of the lists, declarations must be filed, in which the individual candidates accept their candidacies and, under their own responsibility, declare that causes of</p>	<p>Unvaried</p>

CURRENT TEXT	PROPOSED TEXT
<p><i>ineligibility or incompatibility provided by the law do not exist, and that they meet the requisites of integrity and professionalism required by law for the members of the Board of Statutory Auditors, and provide a list of their administration and control offices held in other companies. Any lists for which the above provisions are not observed or which do not include candidates of different genders in conformity with the provisions of article 26.1 of the by-laws shall be considered as not presented.</i></p>	
<p><i>Everyone entitled to vote may vote for one list only.</i></p>	<p><i>Unvaried</i></p>
<p><i>26.5 Two Standing Auditors and one Alternate Auditor shall be taken from the list obtaining the highest number of shareholders' votes, in the sequential order with which they are listed on the list. Of these, at least one (1) must be an Standing Auditor of the least represented gender.</i></p>	<p><i>Unvaried</i></p>
<p><i>The third Standing Auditor and the other Alternate Auditor will be taken from the other lists, electing the first and second candidate, respectively, of the list that has the second-highest number of votes. Of these, at least one (1) must be an Alternate Auditor of the least represented gender. In case of an equal number of votes between two or more lists, the oldest candidate will be elected, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations.</i></p> <p><i>If the minimum number of Standing and Alternate Auditors of the least represented gender are not elected, the candidate of the best represented gender appearing in last place on the list obtaining the highest number of votes will be substituted by the candidate of the least represented gender from among the unelected candidates on that list, and so on until the minimum number of Statutory Auditors of the least represented gender is reached. If, despite the application of this criterion, the minimum number of Statutory Auditors of the least represented gender is not reached, the indicated substitution criterion will be applied to the minority lists, starting with the one obtaining the highest number of votes.</i></p>	<p><i>Unvaried</i></p>
<p><i>26.6 The Chairman of the Board of Statutory Auditors will be the first candidate of the list obtaining the second-highest number of votes.</i></p>	<p><i>Unvaried</i></p>
<p><i>In case of an equal number of votes between two or more lists, the oldest candidate will be appointed Chairman, in compliance with the principles of balance between the sexes as provided for by current</i></p>	<p><i>Unvaried</i></p>

CURRENT TEXT	PROPOSED TEXT
<i>legislation and regulations.</i>	
<i>For the appointment of the Statutory Auditors that, for any reason, are not appointed in accordance with the above methods, the shareholders' meeting shall resolve with the legal majority, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations.</i>	<i>Unvaried</i>
<i>26.7 In the case of substitution of a Standing Auditor, the Alternate Auditor belonging to the same list as the Statutory Auditor to be substituted takes his/her place, in compliance with the principles of essential representation of minorities and balance between the sexes.</i>	<i>Unvaried</i>
<i>The appointment of the Statutory Auditors in order to complete the Board of Statutory Auditors, in accordance with article 2401 of the Italian Civil Code, shall be performed by the Shareholders' Meeting with the majority envisaged by legal provisions, by selecting from the names indicated by the shareholders presenting the list to which the resigning Statutory Auditor belonged. Where this is not possible, the Shareholders' Meeting must make the substitution by way of legal majority, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations.</i>	<i>Unvaried</i>
<i>26.8 The Shareholders' Meeting determines the remuneration of the Statutory Auditors, in addition to the reimbursement of expenses incurred in carrying out their duties.</i>	<i>Unvaried</i>
<i>The powers, duties and term of office of Statutory Auditors will be those established by law.</i>	<i>Unvaried</i>

- (ii) *to grant the broadest possible mandate to the Chairman of the Board of Directors in giving effect to the resolution, by means of proxy where required, necessary or appropriate, including the power to:*
- *sign and publish any document, deed and/or declaration useful or appropriate for such purpose, in addition to any communication envisaged by the laws, and any applicable regulations;*
 - *to act wherever required, necessary or appropriate to implement the aforementioned resolution in full, making any non – substantial changes that should be required by the competent authorities, including registration with the Companies Register”.*



Bologna, 24 March 2015

The Executive Chairman of the Board of Directors
(Mr. Tomaso Tommasi di Vignano)