

ERG S.p.A.
Ordinary Shareholders' Meeting of 24/27 April 2015

Report of the Board of Directors

*pursuant to article 125-ter of Italian Legislative Decree No. 58 of 24 February 1998
("Consolidated Finance Act") and articles 73 and 84-bis of the Regulations implementing
the Consolidated Finance Act adopted by CONSOB under resolution No. 11971 of 14 May 1999,
as amended and supplemented ("Issuers' Regulations")*



Ordinary Shareholders' Meeting of 24/27 April 2015

Agenda

1. Annual Financial Statements for the period ended 31 December 2014 and the Report on Operations; resolutions related and consequent thereto. Presentation of the Consolidated Financial Statements at 31 December 2014
2. Allocation of the net profit for the year; resolutions related and consequent thereto.
3. Appointment of the Board of Directors
 - 3.1. Determination of the number of members of the Board of Directors
 - 3.2. Appointment of members of the Board of Directors
 - 3.3. Appointment of the Chairman of the Board of Directors
 - 3.4. Fixing of the fees payable to the members of the Board of Directors for the year 2015
 - 3.5. Fixing of the fees payable to members of the Control and Risk Committee and the Nominations and Remuneration Committee for the year 2015
4. Authorisation to purchase and sell treasury shares
5. 2015-2017 Long-Term Monetary Incentive Plan
6. Remuneration Report pursuant to article 123-ter of Legislative Decree No. 58 of 24 February 1998.

Dear Shareholders,

We submit for your attention the following considerations.

1. Annual Financial Statements for the period ended 31 December 2014 and Report on Operations; resolutions related and consequent thereto. Presentation of the Consolidated Financial Statements at 31 December 2014

Reference is made to the ERG S.p.A. Annual Financial Report for the period ended 31 December 2014, which includes the ERG S.p.A. Annual Financial Statements, the Consolidated Financial Statements, the Report on Operations – together with the Report on Corporate Governance and Ownership – and the certification referred to in article 154-bis, paragraph 5 of the Consolidated Finance Act, as well as the Reports of the Independent Auditors and the Board of Statutory Auditors, the full version of which will be made available to the public at the Company's registered office in Genoa, Via De Marini, and on the Company website (www.erg.it) in the section "Corporate Governance/2015 Shareholders' Meeting", at Borsa Italiana S.p.A. and on the authorised storage platform Nis-Storage (www.emarketstorage.com) by 3 April 2015.

Shareholders, you are invited to adopt the following resolution:

"The Ordinary Shareholders' Meeting,

resolves

to approve the ERG S.p.A. Annual Financial Statements for the period ended 31 December 2014, which closes with a profit of EUR 46,050,489.17".

2. Allocation of the net profit for the year; resolutions related and consequent thereto.

Shareholders, with regard to the results achieved, you are invited to adopt the following resolution:

"The Ordinary Shareholders' Meeting,

resolves

- payment to Shareholders of a dividend of EUR 0.50 per share. The dividend will be paid in respect of each share having dividend rights outstanding as of the ex-date, excluding the company's treasury shares, in accordance with Article 2357-ter of the Italian Civil Code, by distribution of the year's earnings and for the residual part by use of retained earnings;*
- to make the dividend payable starting from 20 May 2015, with an ex-dividend date as of 18 May 2015 and record date of 19 May 2015."*

3. Appointment of the Board of Directors

The Shareholders' Meeting held on 20 April 2012 appointed the Company's Board of Directors, with expiry as at the date of the Shareholders' Meeting convened to approve the financial statements relative to the last year of their office. Consequently, expiry of the current Board of Directors is envisaged for the date in which this Meeting will be held, convened for approval of the Annual Financial Statements for the period ended 31 December 2014.

3.1 Determination of the number of members of the Board of Directors

Dear Shareholders,
pursuant to article 15, paragraphs 1 and 2 of the Articles of Association
*"1. 1. The Company is managed by a Board of Directors comprising, in observance of the gender-balance criterion set forth by current legislative and regulatory provisions, no less than 5 and no more than 15 members.
2. The Shareholders' Meeting shall establish the number of Board members, within the aforesaid limits and until determined otherwise by way of a new resolution."*

It is therefore necessary to proceed with determination of the number of members of the Board of Directors.

This Shareholders' Meeting is therefore called upon, pursuant to aforementioned article 15 of the Articles of Association, to determine the number of members of the Board of Directors, on the basis of proposals made in accordance with the applicable legislative, regulatory and statutory provisions.

3.2 Appointment of members of the Board of Directors

Dear Shareholders,
pursuant to article 15, paragraphs 3, 4, 5 and 5-bis of the Articles of Association
*"3. The members of the Board of Directors shall be elected on the basis of lists presented by shareholders, on which the candidates must be listed with a sequential number. The lists presented by shareholders, accompanied by the personal and professional characteristics of candidates, must be lodged at the company's registered office - it being possible to use for such purpose whatever form of remote communication may be indicated in the notice of convocation of the Shareholders' Meeting called to elect the Board of Directors - within the term laid down by current legislative and regulatory provisions.
The lists may only be presented by shareholders who, either individually or with other shareholders, represent the percentage of share capital established in accordance with the CONSOB Regulation prevailing as*

at the date of convocation of the Shareholders' Meeting, to be specified in the convocation notice for the Shareholders' Meeting convened to elect the Board of Directors.

In order to demonstrate possession of the number of shares required for presentation of the lists, Shareholders must submit and/or deliver to the Company's registered office a copy of the certificates issued by their respective intermediaries - it being possible to use for such purpose whatever form of remote communication may be indicated in the notice of convocation of the Shareholders' Meeting called to elect the Board of Directors - in accordance with and within the term laid down by current legislative and regulatory provisions.

Each shareholder may present or participate in the presentation of only one list and each candidate may be included in only one list, under penalty of ineligibility.

Each list must contain a number of candidates not to exceed the maximum number of directors specified in the first paragraph of this article and, with the exception of those lists including less than three candidates, must comply with the gender-balance criterion set forth by current legislative and regulatory provisions.

The lists shall indicate which Directors satisfy the independence requirements laid down by article 147-ter, paragraph 4, of the Consolidated Law on Finance. At least one candidate per list, or two candidates in the case of a board with more than seven members, must have the aforesaid independence requirements.

All candidates must possess the requisites of honourableness laid down for the members of Control Bodies by current legislation, as well as the requisites of professionalism required for the position in question. Together with each list, within the term indicated above, individual candidates must lodge a declaration accepting the candidature and declaring, under their own responsibility, the non-existence of motives for ineligibility or incompatibility, as well as the possession of requisites as required under applicable legislation, and providing information, where appropriate, describing their independence.

For the purpose of allocating the Directors to be elected, consideration shall not be given to the lists that have failed to reach a number of votes such as to represent a percentage of shareholding equal to at least half of that required for their presentation.

4. *All parties entitled to vote may do so for only one list.*

The Directors shall be elected as follows:

- a) *from the list that obtains the majority of votes expressed shall be drawn, based on their sequential order of listing, a number of Directors corresponding to the number of members to be elected less one, subject to the provisions set forth in paragraph 5 concerning the appointment of independent Directors and in*

paragraph 5-bis as regards compliance with the principle of gender balance in the composition of the Board of Directors;

b) the remaining Director shall be drawn from the minority list that obtains the highest number of votes;

c) in case of presentation of only one list, or in case the other lists fail to reach the required quorum, the Directors shall be elected based on the list presented or having reached the quorum up to the number of candidates presented therein, subject to the provision set forth in paragraph 5-bis as regards compliance with the principle of gender balance in the composition of the Board of Directors

5. *In any case, the candidate or, where the board has more than seven members, the first two candidates belonging to the list obtaining the highest number of votes, according to their order of appearance on the list in question, who satisfy the independence requirements, shall be considered elected.*

Independent Directors who, following their appointment, cease to have the independence requirements as set forth by article 147-ter, paragraph 4, of the Consolidated Law on Finance, must immediately notify the Board of Directors and shall, in any case, forfeit their office.

5-bis. *In the event that the number of candidates belonging to the least represented gender drawn – as appropriate – from the two lists pursuant to paragraph 4 letters a) and b) above or from the only list pursuant to paragraph 4 letter c) above is less than the number required under current legislative and regulatory provisions, the candidate drawn for appointment purposes from the list as per paragraph 4 letter a) above or from the only list as referred to in paragraph 4 letter c) above who, of those belonging to the most represented gender has the highest sequential number, shall from time to time – as appropriate – be replaced with the candidate belonging to the least represented gender with the lowest sequential number, included in the same list and not previously drawn for appointment purposes.*

This replacement procedure may be repeated, as necessary, in reference to several candidates. Wherever it is not possible to draw the required number of candidates belonging to the least represented gender, the missing candidates shall be appointed by the Shareholders' Meeting by way of majority vote in such a way as to in any case ensure that the composition of the Board of Directors conforms to both current legislative and regulatory requirements and the articles of association."

This Shareholders' Meeting is therefore called upon, pursuant to aforementioned article 15 of the Articles of Association, to appoint the members of the Board of Directors based on the lists presented in accordance with the applicable legislative, regulatory and statutory provisions.

The submitted lists of candidates for the Board of Directors shall be available to the public at the Company's registered office in Genoa, Via De

Marini 1, on the Company's website (www.erg.it) in the section "Corporate Governance/2015 Shareholders' Meeting", at Borsa Italiana S.p.A. and on the authorised storage platform Nis-Storage (www.emarketstorage.com) by 3 April 2015.

Moreover, the Board of Directors, based on the information collected in the questionnaires used for the 2014 Board Performance Review, in light of the recommendations of criterion 1.C.1 letter h) of the Corporate Governance Code, deems it necessary to highlight the opportunity that in the Board of Directors that will be appointed by this Shareholders' Meeting, called upon to approve the financial statements for the period ended 31 December 2014, the members of the current Board of Directors will be confirmed, possibly integrated in accordance with the current and future evolution of the Group's portfolio of activities, also with regard to its growing international scope.

3.3 Appointment of the Chairman of the Board of Directors

Dear Shareholders,

Pursuant to art. 17 of the Articles of Association, "*Where the Shareholders' Meeting has not already done so, the Board of Directors shall appoint a Chairman from among its members (omission)*".

This Shareholders' Meeting is therefore called upon, where Shareholders exercise this right, pursuant to the aforementioned article 17 of the Articles of Association, to appoint the Chairman of the Board of Directors from among the members of the Board designated by the Shareholders' Meeting, based on proposals formulated in accordance with the applicable legislative, regulatory and statutory provisions.

3.4 Fixing of the fees payable to the members of the Board of Directors for the year 2015

In accordance with the provisions set forth by article 2389, first paragraph of the Italian Civil Code, the fees payable to members of the Board of Directors are determined at the time of appointment or by the Shareholders' Meeting. This Shareholders' Meeting is therefore called upon to resolve on the fee to be allocated to each member of the Board of Directors, which will be appointed and valid up to the date of the Shareholders' Meeting convened to approve the Annual Financial Statements for the period ended 31 December 2015, based on proposals made in accordance with the applicable legislative, regulatory and statutory provisions.

It is in fact worth mentioning that, as a general rule, the Shareholders' Meeting determines on an annual basis, for each financial period, the fee to be assigned to individual Board members.

As regards FY2014, the Shareholders' Meeting had approved a fee of EUR 60,000.00 for the members of the Board of Directors.

The Board of Directors recommends that these fees be consistent with the professional commitment required by the office, as well as with the relative responsibilities.

The Board of Directors also recommends that the relative fee proposals be presented to the Shareholders (also pursuant to art. 126-*bis* of the CFA) so that they may be disclosed to the public sufficiently in advance with respect to the Shareholders' Meeting convened to resolve upon them.

3.5 Fixing of the fees payable to members of the Control and Risk Committee and the Nominations and Remuneration Committee for the year 2015

This Shareholders' Meeting is therefore also called upon to resolve on the fee to be allocated to the Directors, non-employees of the Group, who do not hold roles in the Board of Directors and who will be appointed as members of the Internal Control and Risk Committee and the Nominations and Remuneration Committee of ERG S.p.A. valid up to the date of the Shareholders' Meeting convened to approve the Annual Financial Statements for the period ended 31 December 2015, based on proposals made in accordance with the applicable legislative, regulatory and statutory provisions.

It is in fact worth mentioning that, as a general rule, the Shareholders' Meeting determines on an annual basis, for each financial period, the fee for participation in the aforementioned Committees.

As regards FY2014, the Shareholders' Meeting approved a fee of EUR 45,000.00 for the members of the Control and Risks Committee and EUR 30,000.00 for the members of the Nominations and Remuneration Committee.

The Board of Directors recommends that these fees be consistent with the professional commitment required by the office, as well as with the relative responsibilities.

The Board of Directors also recommends that the relative fee proposals be presented to the Shareholders (also pursuant to art. 126-*bis* of the CFA) so that they may be disclosed to the public sufficiently in advance with respect to the Shareholders' Meeting convened to resolve upon them.

4. Authorisation to purchase and sell treasury shares

In previous years, the Shareholders' Meeting adopted structured resolutions regarding the purchase and disposal of treasury shares, the last of which, concerning the purchase and disposal of treasury shares, had a validity of 12 months with effect as from 15 April 2014 and is therefore due to expire on 15 April 2015.

In view of this Shareholders' Meeting, the Board of Directors has evaluated the opportunity to propose the adoption of a new resolution to authorise the purchase and disposal of treasury shares.

This having been said, the reasons justifying the adoption of a new authorisation resolution on the part of the Shareholders' Meeting are set out below.

Regarding purchase

It is considered appropriate to be able to carry out purchase transactions on ERG's ordinary shares in order to optimise the equity structure with a view to maximising value creation for Shareholders, also in relation to the significant liquidity available.

Regarding disposal

It is considered appropriate to be able to use the treasury shares held in portfolio in order to optimise financial leverage and in all other circumstances where the possibility to dispose of the shares appears, in the opinion of the administrative body, to be in keeping with the interests of the Company and the Shareholders.

This having been said, we submit for your approval our request for authorisation to both purchase and sell treasury shares, under the following terms and conditions:

- 1) authorisation, for a period of 12 months with effect from the date of the relative resolution, in accordance with article 2357 of the Italian Civil Code, to purchase treasury shares up to a revolving limit (intending thereby the maximum number of treasury shares from time to time held in portfolio) of 30,064,000 (thirty million and sixty-four thousand) ERG ordinary shares having a nominal value of EUR 0.10 each, at a unitary price, including additional purchase charges, to be no more than 30% lower in minimum and no more than 10% higher in maximum with respect to the reference price recorded by the share during the stock exchange session on the day prior to each individual transaction.

Purchases must be carried out in compliance with article 132 of the Consolidated Finance Act and in the manners set forth by article 144-bis, paragraph 1.b) of the Issuers' Regulations and namely *"on markets regulated according to the operating procedures established in the rules for the organisation and management of such markets, which do not allow the direct matching of buy orders against predetermined sell orders"*;

2) authorisation, for a period of 12 months with effect from the date of the relative resolution, in accordance with article 2357-ter of the Italian Civil Code, to sell treasury shares, in one or more stages, at a unitary price no more than 10% lower in minimum with respect to the reference price recorded by the share during the stock exchange session on the day prior to each individual sale and however not below the unitary value per share included in the Company's Shareholders' equity as from time to time appearing in the last approved set of financial statements.

As regards the procedures for the disposal of treasury shares, we propose that the authorisation permit the adoption of whatever procedures may seem appropriate in relation to the actual objectives to be pursued by way of such disposal.

Shareholders, if our above proposal meets with your agreement, we invite you to kindly adopt the following resolution:

"The Ordinary Shareholders' Meeting,

- *having reviewed the Explanatory Report of the Board of Directors;*
- *having regard to the contents of the last approved set of financial statements,*

resolves

- 1) *to authorise the Board of Directors, in accordance with article 2357 of the Italian Civil Code, for a period of 12 months with effect from the date of this resolution, to purchase treasury shares up to a revolving limit (intending thereby the maximum number of treasury shares from time to time held in portfolio) of 30,064,000 (thirty million and sixty-four thousand) ERG ordinary shares having a nominal value of EUR 0.10 each, at a unitary price, including additional purchase charges, to be no more than 30% lower in minimum and no more than 10% higher in maximum with respect to the reference price recorded by the share during the stock exchange session on the day prior to each individual transaction, in order to optimise the equity structure with a view to maximising value creation for shareholders, also in relation to the significant liquidity available. The purchase must be conducted through the use of distributable profits and available reserves resulting from the last approved set of financial statements, in compliance with article 132 of the Consolidated Finance Act and in the manners set forth by article 144-bis, paragraph 1.b) of the Issuers' Regulations and namely "on markets regulated according to the operating procedures established in the rules for the organisation and management of such markets, which do not allow the direct matching of buy orders against predetermined sell orders";*
- 2) *to authorise the Board of Directors, in accordance with article 2357-ter of the Italian Civil Code, for a period of 12 months with effect from the date of this resolution, to sell treasury shares, in one or more stages and adopting any procedure deemed appropriate in relation to the actual objectives to be pursued by way of such disposal, at a unitary price no more than 10% lower*

in minimum with respect to the reference price recorded by the share during the stock exchange session on the day prior to each individual sale and however not below the unitary value per share included in the Company's Shareholders' equity as from time to time appearing in the last approved set of financial statements;

- 3) *to authorise the Board of Directors to delegate, even to authorised intermediaries, the power to perform the operations for the purchase and sale of treasury shares to be carried out under this resolution."*

5. 2015-2017 Long-Term Monetary Incentive Plan

Dear Shareholders,

The Board of Directors of ERG S.p.A. has resolved to submit for approval by this Shareholders' Meeting the 2015-2017 Long-Term Monetary Incentive Plan, approved by the Board of Directors on 11 March 2015, upon recommendation by the Nominations and Remuneration Committee (comprised entirely of independent directors) on 4 March 2015, having consulted the Board of Statutory Auditors (the "Plan").

The Plan is expected to replace the 2012-2014 Long-Term Monetary Incentive Plan which ended on 31 December 2014 and does not envisage the assignment of financial instruments but exclusively monetary incentives, calculated also based on a performance objective linked to performance of ERG stock during the three-year period 2015-2017 (Total Shareholder Return).

The Plan will be used as a retention and incentive tool for directors and/or employees of ERG and its Subsidiaries who hold a significant strategic role in achieving the Business Plan under approval, including several members of Key Management. The Plan may therefore be considered as "of particular relevance" pursuant to article 84-*bis*, paragraph 2 of the Issuers' Regulations.

The objective of the Plan is to stimulate maximum alignment, in terms of objectives, of the interests of beneficiaries with pursuit of the priority goal of creating sustainable value for Shareholders over the medium/long-term.

A more detailed description of the objectives and characteristics of the Plan is provided in the Information Document, drawn up by the Board of Directors pursuant to art. 114-*bis* of the Consolidated Finance Act and art. 84-*bis* of the Issuers' Regulations, made available to the public at the Company's registered office in Genoa, Via De Marini 1, on the Company's website (www.erg.it) in the section "Corporate Governance/2015 Shareholders' Meeting", at Borsa Italiana S.p.A. and on the authorised storage platform Nis-Storage (www.emarketstorage.com) simultaneously with this report.

Dear Shareholders,

You are therefore invited to adopt the following resolution:

*"The ordinary Shareholders' Meeting, pursuant to art. 114-*bis* of the Consolidated Finance Act,*

resolves

to approve the Plan according to the terms and conditions described in the Information Document provided together with the Explanatory Report, granting the Board of Directors all of the necessary powers for its implementation, also through delegated parties, including the powers to: (i) approve the Plan Regulations; (ii) identify the beneficiaries based on the defined criteria; (iii) define the minimum, target and outstanding performance levels and assignment of the target incentive value to beneficiaries; (iv) make changes to the Plan that

are necessary or appropriate in order to account for regulatory changes or changes in self-governance, as well as any changes necessary or appropriate to ensure consistency of the incentive strategy with a) changes in scope of ERG and/or extraordinary corporate and/or financial transactions (even on capital) and b) significant changes in the macro-economic and/or business scenario or other extraordinary factors; (v) define any other terms and conditions for implementation of the Plan to the extent compliant with the provisions of this resolution.”

6. Remuneration Report pursuant to article 123-ter of Legislative Decree no. 58 dated 24 February 1998

In accordance with the provisions set forth by article 123-ter of the Consolidated Finance Act, the Board of Directors is required to approve a Remuneration Report which, specifically, a) in the first section: (i) explains the company's policy concerning remuneration of the administrative body members, general managers and executives with strategic responsibilities with reference to at least the 2015 financial period and (ii) describes the procedures used for the adoption and implementation of such policy; b) in the second section: (i) provides an adequate description of each of the items making up the remuneration, including the benefits envisaged in case of retirement from office or termination of the employment relationship, drawing attention to the consistency thereof with the Company's remuneration policy as approved in the previous year; (ii) gives a detailed account of the remuneration paid during the reference period (namely 2014).

The Company's Board of Directors, during its meeting held on 11 March 2014, approved the Remuneration Report, to which reference is made, the full text of which will be placed at the disposal of the public at the Company's registered office in Genoa, Via De Marini 1, on the Company website (www.erg.it) in the section "Corporate Governance/2015 Shareholders' Meeting", at Borsa Italiana S.p.A and on the authorised storage platform Nis-Storage (www.emarketstorage.com) by 3 April 2015.

In accordance with the above-mentioned provisions, the Shareholders' Meeting is called upon to decide in favour of or against the first section of the Remuneration Report.

Dear Shareholders,

You are therefore invited to adopt the following resolution:

"L'Assemblea Ordinaria degli Azionisti

resolves

in favour of the first section of the Remuneration Report, which illustrates the Company's policy concerning remuneration of the administrative body members, general managers and executives with strategic responsibilities and the procedures used for the adoption and implementation of such policy."

Genoa, Italy, 13 March 2015

ERG S.p.A.

The Chairman of the Board of Directors

Edoardo Garrone



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