

ERG S.p.A.
Ordinary and Extraordinary Shareholders' Meeting
of 3/4 May 2016

Report of the Board of Directors

*pursuant to article 125-ter of Legislative Decree no. 58 of 24 February 1998
("Consolidated Finance Act") and articles 72 and 73 of the Regulations implementing
the Consolidated Finance Act adopted by CONSOB under resolution No. 11971
of 14 May 1999 as amended and supplemented ("Issuer's Regulations")*



Ordinary and Extraordinary Shareholders' Meeting of 3/4 May 2016

Agenda

Ordinary part

1. Annual Financial Statements for the period ended 31 December 2015 and the Report on Operations; resolutions related and consequent thereto. Presentation of the Consolidated Financial Statements at 31 December 2015
2. Allocation of the net profit for the year; resolutions related and consequent thereto
3. Appointment of the Board of Statutory Auditors
 - 3.1. Appointment of the members of the Board of Statutory Auditors and the Chairman
 - 3.2. Determination of the remuneration of the Chairman and the other members of the Board of Statutory Auditors
4. Determination of the remuneration of the members of the Board of Directors for the year 2016
5. Determination of the remuneration of the members of the Control and Risk Committee for the year 2016
6. Determination of the remuneration of the members of the Nominations and Remuneration Committee for the year 2016
7. Authorisation for the purchase and disposal of treasury shares
8. Remuneration Report pursuant to article 123-ter of Legislative Decree no. 58 dated 24 February 1998.

Extraordinary part

1. Proposal to amend article 3 of the Articles of Association

Dear Shareholders,
We submit for your attention the following considerations.

Ordinary part

1. Annual Financial Statements for the period ended 31 December 2015 and the Report on Operations; resolutions related and consequent thereto. Presentation of the Consolidated Financial Statements at 31 December 2015

Reference is made to the ERG S.p.A. Annual Financial Report for the period ended 31 December 2015, 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, on the Company's website (www.erg.eu) in the section "Corporate Governance/2016 Shareholders' Meeting", at Borsa Italiana S.p.A. and on the authorised storage platform Nis-Storage (www.emarketstorage.com) by 12 April 2016.

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 2015, which closes with a profit of Euro 2,027,220.71".

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

- to allocate to an unavailable reserve pursuant to article 6, paragraph 1, letter a) of Legislative Decree no. 38/2005 the amount of Euro 11,181,413.00, corresponding to unrealized income deriving from recognition of the positive value of an option on minority interests in ERG Renew S.p.A. by using the profit for the year and for the remaining portion by using the "Reserve for IAS transition and retained earnings"*

- to pay the Shareholders a dividend of Euro 1.00 per share, including a non-recurring component of Euro 0.50 per share distribution of which is proposed considering the conclusion of the Group's strategic industrial repositioning project and the restructuring and optimization of the long-term financial debt. 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 using the earnings carried forward;
- to make the dividend payable starting from 25 May 2016, with an ex-dividend date as of 23 May 2016 and record date of 24 May 2016."

3. Appointment of the Board of Statutory Auditors

The Shareholders' Meeting held on 23 April 2013 appointed the Company's Board of Statutory Auditors members, 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 Statutory Auditors 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 2015.

3.1 Appointment of the members of the Board of Statutory Auditors and the Chairman

Pursuant to article 22 of the Articles of Association

- "1. The Shareholders' Meeting shall elect a Board of Statutory Auditors comprising three standing and three alternate Auditors, in observance of the gender-balance criterion set forth by current legislative and regulatory provisions, and shall determine their remuneration.*
- 2. The Board of Statutory Auditors shall be appointed on the basis of lists presented by the Shareholders on which one or more candidates must be indicated for the offices of Standing Auditor and Alternate Auditor. Each list shall comprise two sections: one for the candidates for the position of Standing Auditor and the other for the candidates for the position of Alternate Auditor. Each list must contain a number of candidates, listed in sequential order, not to exceed the maximum number of Auditors to be elected and the list for each section, with the exception of those lists including less than three candidates, must comply with the genderbalance criterion set forth by current legislative and regulatory provisions.*
- 3. Lists may only be presented by Shareholders who, at the time of presenting the list, are in possession of a shareholding equal to that required for the presentation of lists for election of the Directors pursuant to Article 15 of the Articles of Association, or such other shareholding as set forth by current legislative and regulatory provisions.*

4. *No shareholder may present or vote for more than one list, even through an intermediary or nominee. Shareholders belonging to the same group, within the meaning set forth by applicable regulatory provisions, and Shareholders participating in a shareholder agreement concerning shares of the Company may not present or vote for more than one list, even through an intermediary or nominee. Each candidate may be included in only one list, under penalty of ineligibility.*
5. *Candidates who fail to meet the requisites of independence, professionalism and honourableness set forth by article 148, paragraph 3, of the Consolidated Law on Finance and those who hold the position of member of the control body in five other listed companies, subject in any case to the limitations placed on the plurality of administration and control positions laid down by applicable legislative and regulatory provisions, cannot be appointed as Auditors.*
6. *Outgoing Auditors can be re-elected.*
7. *The lists 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 Statutory Auditors – within the term laid down by current legislative and regulatory provisions. They shall be accompanied by information pertaining to the presenting Shareholders, and the declarations of same, as set forth by applicable regulatory provisions. The lists must also be accompanied by full information concerning the personal and professional characteristics of the candidates, the declarations whereby individual candidates accept their candidature and certify, under their own responsibility, the non-existence of motives for ineligibility, incompatibility or forfeiture, the administration and control positions held with other companies, as well as their possession of the requisites required by law.*
8. *In the event that, by the last date for presentation of the aforementioned lists, only one list, or only lists presented by interrelated Shareholders, within the meaning set forth by applicable legislation, have been lodged, lists may be presented up until the extended deadline provided by current legislative and regulatory provisions, subject to the indications contained in the previous paragraph and applicable legislation with regard to lodging and disclosure. In such case, the thresholds referred to in paragraph 3 for the presentation of lists shall be reduced by half.*
9. *Any list presented that fails to comply with the above requirements shall be deemed not to have been presented at all.*
10. *In the event that, despite the procedure as per paragraph 8 having been duly carried out, no list is presented, the Shareholders' Meeting shall appoint members by way of majority vote in such a way as to in any case ensure that the composition of the Board of Statutory Auditors conforms to both current legislative and regulatory requirements and*

the articles of association. The Shareholders' Meeting shall appoint the Chairman.

- 11. If no second list is presented or voted, the entire Board of Auditors shall be made up of the candidates from the only list voted in order of appearance. The person heading the list shall be elected Chairman.*
- 12. In cases where more than one list is presented, the following shall be elected: two standing and two alternate members shall be drawn from the list that has obtained the largest number of votes, based on their sequential order of listing; the third standing and the third alternate member shall be elected by selecting the candidates for the respective positions heading the list that has obtained the highest number of votes after the first, of those presented and voted for by minority Shareholders who are not even indirectly related to the Shareholders who presented or voted for the first list in terms of number of votes, in accordance with prevailing regulatory provisions and subject to the requirements set forth in paragraph 13-bis regarding compliance with the principle of gender balance in the composition of the Board of Statutory Auditors. The standing member drawn from the minority list shall be appointed Chairman.*
- 13. In the case of a parity between the lists, the candidate drawn from the list presented by Shareholders in possession of the largest quota of participation or, subordinately, the highest number of Shareholders, shall be elected.*
- 13-bis. In the event that the number of candidates for the position of Standing Auditor and/or Alternate Auditor belonging to the least represented gender drawn from the two lists pursuant to paragraph 12 above is less than the number required under current legislative and regulatory provisions, the second candidate for the position of Standing Auditor and/or for the position of Alternate Auditor drawn for appointment purposes from the list that obtained the highest number of votes of those referred to in paragraph 12 above shall be replaced by the third candidate included in the corresponding section of the said list, not previously drawn for appointment purposes. 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 Statutory Auditors conforms to both current legislative and regulatory requirements and the articles of association.*
- 14. If an elected candidate refuses to take office, the next candidate on the same list shall be elected.*

(omissis)
- 19. Pursuant to article 1, 3rd paragraph, of Ministerial Decree no. 162 dated 30/3/2000, it is declared that (i) "juridical, economic, financial and*

technical-scientific material, closely related to the Company's business" and (ii) "sectors closely related to that of the Company's business", are intended as referring to the materials and sectors pertaining to at least one of the following objects: the study, regulation, research, production, trade and distribution of any energy source; the supply of industrial holding services and relevant regulations."

This Shareholders' Meeting is therefore called upon, pursuant to the above-mentioned article 22 of the Articles of Association, to appoint the members of the Board of Statutory Auditors and the Chairman based on the lists presented in compliance with applicable legislative, regulatory and statutory provisions.

The lists of the candidates for the office of member of the Board of Statutory Auditors filed, will be made available to the public at the Company's registered office in Genoa, Via De Marini 1, on the Company's website (www.erg.eu) in the section "Corporate Governance/2016 Shareholders' Meeting", at Borsa Italiana S.p.A. and on the authorised storage platform Nis-Storage (www.emarketstorage.com) by 12 April 2016.

3.2 Determination of the remuneration of the Chairman and the other members of the Board of Statutory Auditors

In accordance with the provisions set forth by article 2402 of the Italian Civil Code and article 22 of the Articles of Association, the annual remuneration of Statutory Auditors must be determined by the Shareholder's Meeting at the time of appointment for the entire duration of their term of office.

The Shareholder's Meeting is therefore called upon to pass resolution with regard to the remuneration to be allocated to the Chairman and to each standing member of the Board of Statutory Auditors, valid until the date of the Shareholders' Meeting convened to approve the Annual Financial Statements at 31 December 2018, based on the proposals put forward by the Shareholders in compliance with the applicable legislative, regulatory and statutory provisions.

It should be noted that the Shareholder's Meeting on 23 April 2013 approved an all-inclusive annual remuneration of Euro 60,000.00 for the Chairman and Euro 40,000.00 for each of the other two Standing Auditors. The Board of Directors recommends that these remunerations 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 remuneration proposals be presented to the Shareholders (where appropriate, also pursuant to article 126-bis of the Consolidated Finance Act) so that they may be disclosed to the public sufficiently in advance with respect to the Shareholders' Meeting convened to resolve upon them.

4. Determination of the remuneration of the members of the Board of Directors for the year 2016

In accordance with the provisions set forth by article 2389, paragraph 1, of the Italian Civil Code, the remuneration for members of the Board of Directors is determined at the time of appointment or by Shareholders' Meeting.

This Shareholder's Meeting is therefore called upon to pass resolution with regard to the remuneration to be allocated to each member of the Board of Directors, to be valid up to the date of the Shareholders' Meeting convened to approve the Annual Financial Statements for the period ended 31 December 2016, 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 Shareholder's Meeting determines on an annual basis, for each financial period, the remuneration to be assigned to individual Board members.

As regards FY2015, the Shareholders' Meeting approved a remuneration of Euro 60,000.00 for the members of the Board of Directors.

The Board of Directors recommends that these remunerations 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 remuneration proposals be presented to the Shareholders (where appropriate, also pursuant to article 126-bis of the Consolidated Finance Act) so that they may be disclosed to the public sufficiently in advance with respect to the Shareholders' Meeting convened to resolve upon them.

5. Determination of the remuneration of the members of the Control and Risk Committee for the year 2016

This Shareholder's Meeting is called upon to pass a resolution with regard to the remuneration to be allocated to the Directors, non-employees of the Group, who do not hold roles in the Board of Directors and who are members of the Control and Risk Committee of ERG S.p.A. to be valid up to the date of the Shareholders' Meeting convened to approve the Annual Financial Statements for the period ended 31 December 2016, 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 Shareholder's Meeting determines on an annual basis, for each financial period, the remuneration for participation in the above-mentioned Committee.

As regards FY2015, the Shareholders' Meeting approved a remuneration of Euro 45,000.00 for each of the members the Control and Risks Committee.

The Board of Directors recommends that these remunerations 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 remuneration

proposals be presented to the Shareholders (where appropriate, also pursuant to article 126-bis of the Consolidated Finance Act) so that they may be disclosed to the public sufficiently in advance with respect to the Shareholders' Meeting convened to resolve upon them.

6. Determination of the remuneration of the members of the Nominations and Remuneration Committee for the year 2016

This Shareholder's Meeting is called upon to pass a resolution with regard to the remuneration to be allocated to the Directors, non-employees of the Group, who do not hold roles in the Board of Directors and who are members of the Nominations and Remuneration Committee of ERG S.p.A. to be valid up to the date of the Shareholders' Meeting convened to approve the Annual Financial Statements for the period ended 31 December 2016, based on the proposals made in accordance with the applicable legislative, regulatory and statutory provisions.

It is in fact worth mentioning that, as a general rule, the Shareholder's Meeting, determines on an annual basis, for each financial period, the remuneration for participation in the above-mentioned Committee.

As regards FY2015, the Shareholders' Meeting approved a remuneration of Euro 30,000.00 for each of the members the Nominations and Remuneration Committee.

The Board of Directors recommends that these remunerations 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 remuneration proposals be presented to the Shareholders (where appropriate, also pursuant to article 126-bis of the Consolidated Finance Act) so that they may be disclosed to the public sufficiently in advance with respect to the Shareholders' Meeting convened to resolve upon them.

7. Authorisation for the purchase and disposal of 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 24 April 2015 and is therefore due to expire on 24 April 2016.

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 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 Euro 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, letter 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.

* * *

Dear Shareholders,

You are therefore invited to 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 Euro 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 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, letter 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.”*

8. 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 2016 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 2015).

The Company's Board of Directors, during its meeting held on 22 March 2016, 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's website (www.erg.eu) in the section "Corporate Governance/2016 Shareholders' Meeting", at Borsa Italiana S.p.A and on the authorised storage platform Nis-Storage (www.emarketstorage.com) by 12 April 2016.

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:

"The Ordinary Shareholders' Meeting,

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."

Extraordinary part

1. Proposal to amend article 3 of the Articles of Association

The Board of Directors, also in consideration of the technological diversification of the business portfolio of the Group, has deemed it appropriate to propose

to the Shareholders' Meeting a, merely formal, amendment to article 3, first paragraph, of the Articles of Association. The amendment in question would not imply any variation in the activities that the Company is allowed to carry out in accordance with the corporate purpose or any change in the segment in which such activities must be performed.

The Board of Directors therefore considers that the proposed amendment to the Articles of Association does not give rise to the right of withdrawal set forth by Article 2437 of the Italian Civil Code.

We transcribe herebelow the existing and proposed wording of article 3 of the Articles of Association:

CURRENT TEXT	PROPOSED TEXT
<p>ARTICLE 3</p> <p>The Company's objects include all activities pertaining to the industrial production, trade, transport and distribution of anything that is energy related, especially crude oil, natural gas and all their by-products, for its own account and on behalf of third parties, as well as the purchase, construction and maintenance of the related equipment and installations.</p>	<p>ARTICOLO 3°</p> <p>The Company's objects include all activities pertaining to the industrial production, trade, transport and distribution of anything that is energy related, especially crude oil, natural gas and all their by-products, for its own account and on behalf of third parties, as well as the purchase, construction and maintenance of the related equipment and installations.</p>

Dear Shareholders,

You are therefore invited to adopt the following resolution:

"The Extraordinary Shareholders' Meeting,

resolves

- to approve the amendment of article 3, first paragraph, of the Articles of Association as specified*
- to authorise the Chairman of the Board of Directors and the Chief Executive Officer, jointly and severally, with the power to appoint special proxies, to perform what is necessary or appropriate for the execution of this resolution".*

Genoa, 22 March 2016

ERG S.p.A.

The Chairman of the Board of Directors

Edoardo Garrone



ERG S.p.A.

Torre WTC
via De Marini, 1
16149 Genoa
Phone + 39 01024011
Fax + 39 0102401859
www.erg.eu

Registered office:
via De Marini, 1
16149 Genoa

Share Capital Euro 15.032.000 fully paid
Company Register
Genoa/Fiscal Code 94040720107
R.E.A. Genoa n. 354265
VAT 10122410151



