**Illustrative report drafted by the Board of Directors pursuant to art. 125-*ter*, first paragraph, of Legislative Decree February 24, 1998 no. 58, as subsequently amended and supplemented, and art. 84-*ter* of the Regulation adopted by Consob resolution no. 11971 of May 14, 1999, as subsequently amended and supplemented, on the proposed reduction in reserves pending "moderate" taxation.**

Dear Shareholders,

the A2A S.p.A. financial statements at December 31, 2015 include shareholders' equity reserves pending "moderate" taxation for a total of 198,270,129 euro.

These reserves arise from revaluations and realignments of company assets by EON Produzione S.p.A. pursuant to Law no. 342/2000. The same were transferred by EON Produzione S.p.A. and reconstituted in A2A Produzione S.r.l., due to the non-proportional demerger of the business unit of July 1, 2009, and subsequently in A2A S.p.A. due to the merger of incorporation of A2A Produzione S.r.l. in A2A S.p.A. of July 1, 2010.

These reserves are subject to the constraints of the rules regarding revaluation and realignment of corporate assets and are defined as pending "moderate" taxation since they are taxed only in the event of actual distribution to shareholders.

The "moderate" tax constraint allows use in fiscal neutrality of these reserves to cover any operating losses, provided that profits are not distributed:

- until the reserves are entirely reintegrated or, alternatively,
- until these reserves are reduced with extraordinary shareholders' meeting resolution to an extent corresponding to the amount of the same used to cover losses.

Paragraph 2 of art. 13 of Law no. 342/2000 provides that in the event of use of these reserves to cover operating losses, the same reserves can be reduced by an amount corresponding to the loss "*with extraordinary shareholders' meeting resolution, as the provisions of the second and third paragraphs of art. 2445 of the Civil Code do not apply*".

The Shareholders' Meeting is kindly requested to approve the definitive reduction of the reserves pending "moderate" taxation pursuant to Law no. 342/2000 from 198,270,129 euro to 124,783,022 euro, as a result of their use to cover the loss for the year at December 31, 2015, which totalled 73,487,107 euro.