Report prepared by the Management Board pursuant to Article 125-*ter,* Paragraph 1 of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented and Article 84-*ter* of the regulations adopted with CONSOB Resolution n. 11971 of 14 May 1999, as subsequently amended and supplemented about the appointment of the members of the Supervisory Board and the related Chairman and Vice Chairman.

To the Shareholders:

With the ordinary shareholders' meeting of A2A S.p.A. ("A2A") convened for 29 May 2012, first session, and if necessary, a second session to be held 30 May 2012, the term of office of the Supervisory Board appointed on 3 June 2009 will expire.

You are accordingly requested to proceed with the appointment of members of the Supervisory Board and the related Chairman and Vice Chairman, in accordance with the provisions of Articles 16, 17 and 18 of the by-laws of A2A currently in effect and reported hereunder:

*"**ARTICLE 16***

1. The Supervisory Board is composed of 15 (fifteen) members, including Chairman and a Vice-Chairman, who are appointed as stated in Articles 17 and ff. below. Members of the Supervisory Board serve for 3 (three) financial years and leave office on the date of the shareholders' meeting set in Article 2364-bis, paragraph 2, of the Italian Civil Code.

2. Their departure from office due to the expiration of their term comes into effect when the Supervisory Board, which retains its full powers in the meanwhile, has been reconstituted.

3. Members of the Supervisory Board must meet the requirements of honesty and professionalism, as well as the requirements of independence and those relating to limitations on the accumulation of offices laid down in the legislation, including regulations in force at the time. Specifically, pursuant to Article 148, paragraphs 3 and 4-bis, of Legislative Decree no. 58 of February 1998, the following persons may not be elected as members of the Supervisory Board, and, if elected, cease to hold office: (a) persons in the circumstances envisaged in Article 2382 of the Italian Civil Code; b) the spouse, relatives and up to fourth-degree relatives-in-law of directors of the Company, the directors, the spouse, relatives and up to fourth-degree relatives-in-law of directors of subsidiaries of the Company, of its parent companies and of companies under joint control; c) persons connected with the Company, its subsidiaries or parent companies or with companies under joint control, or with the directors of the Company and with persons referred to in letter b), by self- or subordinate employment relationships, or by other relations of a financial or professional nature that compromise their independence.

4. At least 2 (two) members of the Supervisory Board must be chosen from statutory auditors registered in the appropriate register.

5. The members of the Supervisory Board are entitled to a remuneration set by the shareholders' meeting at the time of their appointment for the entire period of their term of office, in addition to the refund of the expenses they incur by reason of their position. The Supervisory Board, after consulting the Remuneration Committee, determines the remuneration of those members of the Supervisory Board who are attributed either by the articles of association or by the Supervisory Board itself with particular positions, powers or functions.

ARTICLE 17

1. The entire Supervisory Board shall be appointed on the basis of voting for lists submitted according to the procedures and criteria under Article 18.

2. The appointment of the members of the Supervisory Board in the application of the list voting procedure under this Article 17 will be made in accordance with the following provisions:

(i) 12 (twelve) members of the Supervisory Board are taken from the list that obtains the highest number of votes;

(ii) for the appointment of the remaining 3 (three) members, the votes obtained by each of the lists other than that under point (i) of this paragraph and that are not connected, even indirectly, in accordance with the legislation, including regulations, in force at the time, with the shareholders who submitted or voted for the same list as that under point (i) of this paragraph will be divided subsequently by 1 (one), 2 (two) and 3 (three). The quotients obtained for each list in this way will be assigned to the first 3 (three) candidates in each list. The candidates of all the lists are then placed in a single ranking according to the quotients assigned to each candidate. The 3 (three) candidates that have been assigned the highest quotients are elected as members of the Supervisory Board.

3. Notwithstanding the provisions laid down in the preceding paragraph, if the list that has obtained the second highest number of votes has received a number of votes equal to or exceeding 20% (twenty per cent) of the share capital with the right to vote at the ordinary shareholders' meeting, the members of the Supervisory Board will be appointed in accordance with the following provisions:

(i) 9 (nine) members of the Supervisory Board are taken from the list that obtains the highest number of votes;

(ii) the remaining 6 (six) members are taken from the list that has obtained the second highest number of votes and that is not connected, even indirectly, with the shareholders who submitted or voted for the list that has obtained the highest number of votes.

4. If there are more than 2 (two) lists that have obtained a number of votes equal to or exceeding 20% (twenty per cent) of the share capital with the right to vote at the ordinary shareholders' meeting, there will be a second vote. The provisions of paragraph 3 above will, however, apply after the second vote.

5. In the event of the election of the Supervisory Board according to the procedure under this Article 17, the first and second candidate in the list that has obtained the highest number of votes will be appointed Chairman and Vice-Chairman of the Supervisory Board, respectively. Nevertheless, if the list that has obtained the second highest number of votes has obtained a number of votes equal to at least 20% (twenty per cent) of the share capital entitled to vote at the ordinary shareholders' meeting, the Chairman and the Vice-Chairman of the Supervisory Board will be taken from the lists with the first highest and second highest number of votes, respectively.

6. Without prejudice to the above, if one or more members of the Supervisory Board have not been appointed according to this article 17, such member or members of the Supervisory Board will be appointed by the shareholders' meeting with the relative majority of the votes cast at the shareholders' meeting and in compliance with the provisions of law.

ARTICLE 18

1. The submission of lists for the appointment of the Supervisory Board is governed by the legislation, including regulations, in force at the time and by the following provisions.

2. Only shareholders that, either alone or with others, hold, at the time of the submission of the list, a total number of (i) shares representing at least 1% (one per cent) of the share capital with the right to vote at the ordinary shareholders' Meetings or of (ii) a stake equal to at least to that required pursuant to article 147-ter of legislative decree no. 58 of 24 February 1998, and of the related regulations for the presentation of candidates to the position of director of companies with a corresponding capitalization, where this stake is less than 1% (one per cent) of the share capital with the right to vote at the ordinary shareholders' meeting are entitled to submit lists.

3. Lists show the names of at least 2 (two) candidates for positions on the Supervisory Board, numbered progressively.

4. Individual shareholders, shareholders who are party to a shareholders' agreement falling within the scope of Article 122 of Legislative Decree No. 58/1998, the parent company, subsidiaries and companies under joint control pursuant to Article 93 of Legislative Decree No. 58/1998, and the other persons among which a connection relationship exists pursuant to the legislation, including regulations, in force at the time may not submit more than one list or take part in its presentation, even through a third party or a trust company, nor may they vote for different lists; no candidate may stand in more than one list under penalty of ineligibility. Consents given and votes cast in breach of the prohibitions under this paragraph will not be attributed to any list.

5. The lists presented must be filed with the Company's registered office within the twenty-fifth day prior to the date of the shareholders' meeting called to resolve on the appointment of the members of the Supervisory Board and made available to *the public at the registered office, on the Company's website and according to any other procedures required by Consob within the twenty-first day prior to the date of the shareholders' meeting. In the event that, on the expiry date of the time limit set for filing the lists, only one list has been filed, or lists have been filed which are submitted by shareholders which are connected each other, the provisions under the legislation, including regulations in force at the time, shall apply*[1].

6. The lists must be accompanied by:

- *a) information regarding the shareholders who have submitted them, specifying the total stake they hold, without prejudice to the fact that the certificate showing title to this stake may be produced also subsequently to the filing of the lists, provided that it occurs within the time limit set for the publication of the lists on the part of the company;*
- *b) a declaration by shareholders other than the Municipality of Brescia, the Municipality of Milan and those who hold, even jointly, a controlling interest or a relative majority stake to the effect that there are no relations as envisaged in laws and regulations, in force at the time with the latter persons;*
- *c) full information regarding the personal and professional characteristics of the candidates, as well as a declaration issued by the said candidates to the effect that they meet statutory requirements and that they accept the candidature.*

7. Lists that do not comply with the above provisions will be considered as not having been submitted.

8. If lists receive the same number of votes, the list submitted by the shareholders who hold the largest stake or, subordinately, by the greatest number of shareholders, will prevail.

9. If only one list or no list is submitted, all the candidates shown in the list itself will be elected, or, respectively, the candidates voted by the shareholders' meeting, provided that they receive the relative majority of the votes cast at the shareholders' meeting. The shareholders' meeting appoints the Chairman and the Vice-Chairman of the Supervisory Board by the same majority.

10. If the requirements laid down in the regulations and the articles of association are not met, the member of the Supervisory Board concerned ceases to hold office.

You are thus requested to pass resolutions in relation to the appointment of the members of the Supervisory Board and the related Chairman and Vice Chairman.

Milan, 23 March 2012 Management Board

---

[1] And that is, under such assumption, pursuant to Article 144-sexies, Paragraph 5, of the regulations adopted with CONSOB Resolution n. 11971 of 14 May 1999, as subsequently amended and supplemented, lists may be filed until the third day after such date and the threshold for the presentation of the lists will be reduced by 50 percent, or in this specific case, to 0.5% of the share capital with voting rights at the ordinary shareholders' meetings.