PRESS RELEASE

ACEA SPA: BOARD OF DIRECTORS APPROVES 2011-2013 BUSINESS PLAN

- **Focus on operational and organizational efficiency**
- **Average annual EBITDA growth rate of approximately 11% for 2010-2013**
- **Increased profitability (pre-tax ROIC of 14% by 2013)**
- **Consolidated investment plan of €1.3 billion for the three-year period**
- **Significant improvement of the financial structure (debt/EBITDA ratio of 1.9x by 2013) before dividend distribution**

Rome, 22 December 2010 – The Board of Directors of Acea S.p.A., chaired by Giancarlo Cremonesi, approved the Group's Business Plan for 2011-2013.

The Plan sets out concrete and realistic targets to generate shareholder value growth, through higher profitability, improved operational efficiency – to be pursued by paying constant and utmost attention to customers and service quality – and the achievement of a balanced financial structure.
The Plan's targets have been defined on a like-for-like basis for the Group's business. Any further strategic development – which have already been identified and are consistent with the Group's strategy – will be evaluated from time to time.

The Group features a portfolio of mainly regulated businesses and the Plan is based on the following key drivers:

- <u>organic growth and operational efficiency</u>: to be achieved by rationalizing organizational/industrial processes, by improving operational efficiency in all the business and the parent company's areas, the disposal of non-core assets;
- <u>downstream repositioning</u>: to be achieved by optimizing the customer mix, improving the efficiency and effectiveness of energy sales, the development of dual fuel offerings and the search and training of sourcing & trading professionals.

EBITDA growth is accounted for by internal efficiency actions (47%), revamping and development of new plants (33%), the organic growth of regulated businesses (13%), downstream repositioning strategies (7%).

A further upside to the targets of the Business Plan might be the implementation of strategies based essentially on:

- <u>development of the core business</u>: to be achieved mainly in the water sector, thanks also to the opportunities made available by regulatory developments, and in the gas sector, through the possible entry into the distribution business in Rome;
- <u>development of "selected" investments in high potential businesses</u>, such as the "waste to energy", power production (to guarantee an adequate coverage of electricity sales through an appropriate energy mix) and renewable energy (photovoltaic) sectors in the area of Rome;

<u>Acea Group: main financial and operating targets by 2013</u>

Based on the above strategic guidelines, considering the new scope of the energy business following the agreement with GDF Suez, and without the effects of extraordinary and significant transactions, the Business Plan forecast:

- <u>EBITDA of €865 million by 2013, over 80% of which from regulated activities. EBITDA is expected to grow on average by 11% between 2010 and 2013</u>;
- Pre-tax ROIC of 14% by 2013;
- Investments for a total of €1.3 billion over the three-year period, over 70% of which concentrated in regulated water and electricity distribution activities;

- Net financial debt of €1,684 million by 2013 and a debt/EBITDA ratio of 1.9x by 2013.

(millions of euros)	2009 (annual report)	2010 *Forecast*	2013 New plan
EBITDA	564	**635**	**865**
Net cash/(debt) position	(2,177)	**(2,232)**	**(1,684)**
Invested capital	3,464	**3,600**	**3,583**
Net debt/EBITDA	*3.9x*	***3.4x***	***1.9x***

** Restated: 2010 forecast based on the equity stakes held as of December 31, 2010 in the companies of the Joint Venture with GdF Suez.*

Among the main targets of the approved Plan, attention is called, in particular, to the reduction of the current debt, thanks to the plan – already started – to curb net working capital (approximately €250 million in the three-year period).

The indicated targets do not include the impact related to dividend distribution.

Water

The Company is the 1st operator in Italy with approximately 8.5 million inhabitants served (2013 target: 8.6 million)

The Plan places substantial emphasis on the water sector, where the objective is to strengthen the leadership position in Italy.

(millions of euros)	2009 (annual report)	2010 *Forecast)*	2013 New Plan
EBITDA	249	*284*	**372**
Net cash/(debt) position	(544)	*(553)*	**(718)**
Pre-tax ROIC %	7.3	*10.6*	**11.4**

Further growth can be achieved through M&A deals and further expansion especially in geographical markets already served (Lazio, Tuscany, Umbria and Campania), taking opportunities made available also by regulatory changes (Ronchi Decree).

Networks

The Company is Italy's 3rd operator with 11.0 TWh of distributed electricity (target of 11.5 TWh by 2013)

With reference to the Grids area, the Company intends to strengthen its profitability in electricity distribution, improve service quality and develop the output of photovoltaic energy (goal of 62 MW by 2013) in the area of Rome.

(millions of euros)	2009 (annual report))	2010 *Forecast)*	2013 New Plan
EBITDA	246	250	**305**
Net cash/(debt) position	(798)	(773)	**(654)**
Pre-tax ROIC %	9.0	8.0	**11.7**

Energy

The Company is the 3rd operator in Italy with over 15 TWh of electric energy volumes sold (target of 10 TWh by 2013)

The Plan contemplates: energy sourcing policies designed to provide adequate coverage and preservation of commercial margins; optimization of customer mix; greater efficiency and effectiveness in energy sales; development of dual fuel offerings and development of sourcing & trading professionals.

(millions of euros)	2009 (annual report))	2010 *Forecast)*	2013 New Plan
EBITDA	76	*111*	**72**
Net cash/(debt) position	(360)	*(386)*	**(138)**
Pre-tax ROIC %	3.8	9.2	**7.8**

In the period covered by the Plan, the Company will consider the strategic opportunity to provide adequate coverage of electric energy sales through an appropriate energy mix.

Environment and energy

The Company is the 5th operator in Italy with approximately 550 thousand tons of waste treated (target of 1,045 thousand tons by 2013)

The Company pays special attention to growth in this area, which is regarded as a "high potential" business.

The Group's objective is to increase installed power to 62 MWe by 2013, by

- revamping the existing San Vittore line (12 MWe) and the entry into operation of two new lines (29 MWe) expected in 2011;
- revamping the Terni plant (10 MWe);
- revamping and expanding several composting plants and development of biogas in Orvieto's landfill (for a total of 11 MWe).

(millions of euros)	**2009** (annual report))	**2010** *Forecast)*	**2013** New Plan
EBITDA	31	*22*	**80**
Net cash/(debt) position	(134)	*(191)*	**(251)**
Pre-tax ROIC %	10.6	*3.0*	**15.3**

The Company will consider potential partnerships with different operators, to achieve sustainable growth in the market.

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Thus, the Acea Group confirms its ability to create shareholder value by implementing operational efficiency and pursuing a growth strategy intended to strengthen the Company's footprint in its core businesses, taking the opportunities made available from time to time in the markets.

"*I am very satisfied because the approved Plan confirms, once again, the Group's constant effort in its pursuit of both operational efficiency and a selective development of high-potential businesses*", said Marco Staderini, Acea's Chief Executive Officer.

Acea's Chairman, Giancarlo Cremonesi, stressed that: "*it is important that a Company of Acea's size, a national operator, is strongly committed to customer satisfaction, service quality and strengthening its geographical presence, especially in the Roman area.*"

Wednesday, 22 December, at 6:00 pm (CET) a conference call will be held to illustrate the 2011-2013 Business Plan.
As the conference call begins, support material will be made available on the web site www.acea.it.

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