PRESS RELEASE

ACEA: BOARD APPROVES RESULTS FOR Q1 2011

Acea Group results:

- **Consolidated revenue: 827.9 million euros (845.4 million euros in Q1 2010)**
- **EBITDA: 141.4 million euros (152.9 million euros in Q1 2010)**
- **EBIT: 64.3 million euros (86.1 million euros in Q1 2010)**
- **Net profit from continuing operations: 35.1 million euros (40.7 million euros in Q1 2010)**
- **[1]Group net profit: 70.3 million euros (38.8 million euros in Q1 2010)**

Rome, 11 May 2011 – The Board of Directors of ACEA SpA, chaired by Giancarlo Cremonesi, has approved the quarterly report for the three months ended 31 March 2011 (Q1 2011).

During Q1 2011 the Group continued with intensive efforts to boost operational efficiency across all its businesses, enabling it to achieve results that are fully in line with the objectives set out in the Business Plan presented in December 2010.

It should be noted that the various components of the income statement and statement of financial position are influenced by the different method of consolidating Acquedotto del Fiora (the company that manages integrated water services in the ATO 6 Siena-Grosseto concession area). The financial position also reflects the impact of the unwinding of the joint venture with GdF Suez Energia Italia.

(€m)	**Q1 2010** *(restated)** (A)	**Q1 2011** (B)	**% inc./(dec.)** (B/A)
Consolidated revenue	845.4	**827.9**	**-2.1%**
EBITDA	152.9	**141.4**	**-7.5%**
EBIT	86.1	**64.3**	**-25.3%**
Profit/(Loss) before tax	67.0	**41.9**	**-37.5%**
Net profit/(loss) from continuing operations	40.7	**35.1**	**-13.8%**
Net profit/(loss) from discontinued operations**	0	**37.3**	**n/s**
Group net profit/(loss) (after non-controlling interests)	38.8	**70.3**	**+81.2%**

(€m)	**Q1 2010**	**Q1 2011**
Investment	79.4	**81.6**

(€m)	**31 Mar 2010**	**31 Dec 2010**	**31 Mar 2011**
Net debt	(2,294.4)	(2,203.7)	(2,125.6)
Equity	1,315.1	1,381.3	1,479.4
Invested capital	3,609.5	3,585.0	3,605.0

* *Amounts reflect the adoption of IFRIC 12 for recognition of the public lighting service concession arrangement.*
** *Gain realised following the unwinding of the joint venture with GdF Suez Energia Italia*

The above results do not take account of the reclassifications required by IFRS 5 – the related schedule is attached – with the exception of the net profit/(loss) from discontinued operations. The comparison of amounts relating to the Energy segment reflects the impact of the unwinding of the joint venture with GdF Suez Energia Italia, which was completed on 31 March 2011. In particular, the results of operations of the companies included in the Energy segment have been consolidated using the proportionate method, based on the percentage interests held during the quarter, and are, therefore, comparable with the results for the same period of 2010. In contrast, amounts in the statement of financial position take account of the post-closing ownership structure and, therefore, reflect the deconsolidation of the companies transferred to the former partner and the consolidation of amounts relating to the additional interests acquired from GdF Suez Energia Italia.

[1] *The amount for Q1 2011 reflects a gain of 37.3 million euros realised following the unwinding of the joint venture with GdF Suez Energia Italia.*

ACEA GROUP'S RESULTS FOR Q1 2011

Consolidated revenue of 827.9 million euros are down 17.5 million euros on the 845.4 million euros of Q1 2010.

Consolidated **EBITDA** is down from the 152.9 million euros of Q1 2010 to 141.4 million euros in Q1 2011.
The reduction reflects the following:
- The positive performances of all the water concessions and the consolidation from 1 January 2011 of Acquedotto del Fiora using the proportionate method (up 3.0 million euros);
- application, from 1 January 2011, of the new terms of the Public Lighting Service Contract entered into with Roma Capitale, which has extended the duration of the concession to 2027 and revised the qualitative and quantitative criteria (down 5.4 million euros);
- the reduced contribution from the Energy segment, essentially due to a decline in margins on electricity production;
- the shutdown of the Terni plant (from August 2010) for revamping and fact that the San Vittore plant no longer benefits from the feed-in tariff introduced by CIP6.

Contributions to total EBITDA are as follows:
- Water 53% (42% in Q1 2010);
- Networks 35% (35% in Q1 2010);
- Energy 12% (18% in Q1 2010);

The Environment segment's contribution to consolidated EBITDA in Q1 2011 is substantially zero (5% in Q1 2010).

The Group's **EBIT** of 64.3 million euros compares with 86.1 million euros in Q1 2010, in part reflecting an 10.3 million euro increase in depreciation, amortisation and wite-downs.

Net profit from continuing operations is down 5.6 million euros to 35.1 million euros.

Group net profit, after non-controlling interests, is up 81.2% to 70.3 million euros, compared with 38.8 million euros for Q1 2010. This reflects recognition of the gain of 37.3 million euros realised following the unwinding of the joint venture with GdF Suez Energia Italia.
The tax rate for the period, calculated on pre-tax profit from continuing operations, is 16.3%. The reduction in tax expense essentially derives from tax breaks for new investment in plant and equipment in 2009 and 2010, pursuant to "Tremonti *ter"* legislation. On a pro forma basis, after adjusting for the benefit deriving from "Tremonti *ter*", the tax rate for Q1 2011 is 38.5%, substantially in line with the same period of 2010 (39.3%).
In addition, the gain resulting from the unwinding of the joint venture with GdF Suez Energia Italia meets the requirements established in art. 87 of Presidential Decree 917/1986 for application of the participation exemption and, therefore, has been taxed at a rate of 5%.

The **Group's investment** in Q1 2011 amounts to 81.6 million euros (in line with the figure for Q1 2010). A breakdown is as follows:
- Water: 44.8 million euros (55% of the total);
- Networks: 29.3 million euros (36% of the total);
- Environment: 4.3 million euros (5% of the total);
- Energy: 2.0 million euros (2% of the total);
- Parent Company: 1.1 million euros (2% of the total).

Net debt at 31 March 2011 totals 2,125.6 million euros (down 78.1 million euros on 2,203.7 million euros at the end of 2010), resulting in a debt to equity ratio of 1.4 times (1.6 times at 31 March 2010). The decline in net debt reflects the change in the basis of consolidation (unwinding of the Energy Joint Venture and Acquedotto del Fiora), an increase in net working capital (also influenced by the new basis of consolidation) and the need to finance investment during the period

SEGMENT INFORMATION FOR Q1 2011

Water

The Water segment reports EBITDA up 15.8% to 78.4 million euros.
The volumes of water billed by ATO2 – Central Lazio amount to 105 million cubic metres (103 million cubic metres in Q1 2010), whilst the other areas of operation report a figure of 92 million cubic metres (85 million cubic metres in Q1 2010).

Networks

EBITDA for the Networks segment is down 9.5% to 51.4 million euros, substantially due to application of the new terms of the Public Lighting Service Contract.
The amount of electricity injected into the network totals 2,980 GWh (2,991 GWh in Q1 2010).

Energy

The Energy segment reports a 39.5% reduction in EBITDA to 17.6 million euros. The figure breaks down as follows:

• Generation: EBITDA of 5.3 million euros (16.8 million euros in Q1 2010).
Electricity output amounts to 3,916 GWh (including 193 GWh from hydroelectric plants, 3,699 GWh from thermoelectric plants and 24 GWh from wind farms), compared with 4,555 GWh in Q1 2010.

• Sales: EBITDA of 5.5 million euros (6.2 million euros in Q1 2010).
Electricity sales amount to 4,245 GWh (4,739 GWh of Q1 2010), broken down as follows:

- enhanced protection market: 1,124 GWh (1,125 GWh in Q1 2010);
- free and safeguarded electricity markets: 3,121 GWh (3,614 GWh in Q1 2010).

• The Trading business reports EBITDA of approximately 6.8 million euros (6.1 million euros in Q1 2010).

Environment

The Environment segment contributed 0.8 million euros to the Group's EBITDA, marking a sharp fall with respect to Q1 2010 (7.2 million euros) due to the shutdown of the Terni plant for revamping (from August 2010) and the lower price obtained for the electricity produced by the San Vittore plant (from November 2010 the feed-in tariff introduced by CIP6 is no longer applied). Finally the first line of the San Vittore plant, which was shut down for revamping on 20 March 2011, sold 14,562 MWh of electricity during the quarter.

EVENTS AFTER 31 MARCH 2011 AND OUTLOOK

The unwinding of the joint venture between Acea and GdF Suez Energia Italia was completed on 31 March 2011.

On 29 April 2011, the Annual General Meeting of Acea's shareholders approved the financial statements, presented the consolidated financial statements for the year ended 31 December 2010 and voted in favour of payment of a dividend totalling 95,834,205 euros (equal to 0.45 euros per share).

With regard to the Environment segment, the second line of the San Vittore waste-to-energy plant was operated in parallel for the first time in April, whilst the third line is expected to operate in parallel within the second half of the current year.

Throughout 2011 Acea will continue to focus on achieving the objectives set out in its new Business Plan. As part of its large-scale investment programme, the Group is on track to spend over 500 million euros in 2011, to be invested as follows:

- 48% in the Water segment in order to qualify for the planned tariff adjustments;
- 31% in Electricity Distribution and Renewable Energy (solar power and cogeneration), maintaining our commitment to achieving ongoing improvements in service quality and continuity;

- 12% in the Environment segment in order to develop the Group's capacity in waste-to-energy and the treatment of sludge, biomasses and special waste;
- 5% in the Energy segment in order to revamp thermoelectric and hydroelectric plants;
- 4% in the Group's IT systems.

The plan to reduce working capital has already begun to bear fruit. At 31 December 2010 net working capital amounted to 73 million euros. The increase registered at 31 March 2011 reflects the change in the basis of consolidation (the acquisition of full control of the electricity retailers and the consolidation of Acquedotto del Fiora using the proportionate method).

In the Water segment, Acea is ready to take advantage of future market opportunities deriving from introduction of the so-called "Ronchi" Decree, whilst waiting to see what impact the result of next June's Referendum on the privatisation of water services may have on the legislation.

The following regulatory developments may have a material impact on the Acea Group's businesses:
- the "Development" Decree, recently approved by the Government, envisages the creation of a new national agency to regulate the water industry (*Agenzia Nazionale di Vigilanza sulle Risorse Idriche*) to take over the functions previously assigned to the existing regulator (*Commissione Nazionale per la Vigilanza sulle Risorse Idriche* or *CO.N.VI.RI.*). The new agency will be responsible for supervision and the imposition of sanctions; environmental controls; decisions regarding management of the network; the definition of minimum levels of service quality and supervision of how services are supplied; the establishment of the method to be used for fixing the tariff for Integrated Water Services in relation to each of its various components, and for approval of the tariffs decided on by the various authorities; checks on the correct preparation of concession area plans; and recommending changes to existing regulations.
- the Minister for Economic Development and the Minister of the Environment have signed an Interministerial Decree defining the feed-in tariff system for solar power plants that will be in force between 1 June 2011 and 31 December 2016 (the *Quarto Conto Energia*). The legislation provides for a new feed-in tariff regime linked to progressive targets for installed capacity over time and projected annual expenditure.

The following schedules are attached:
- CONSOLIDATED ACCOUNTS – STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2011, INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2011 (both before and after IFRS 5 reclassifications); ANALYSIS OF NET DEBT AT 31 MARCH 2011 AND STATEMENT OF CHANGES IN EQUITY.

A conference call will be held at 10.00am (Italian time) on Thursday, 12 May 2011 in order to illustrate the results for the three months ended 31 March 2011.
To coincide with the start of the conference call, back-up material will be made available at www.acea.it.

The Executive Responsible for Financial Reporting, Giovanni Barberis, declares that, pursuant to section two of article 154-bis of the Consolidated Finance Act, the information contained in this release is consistent with the underlying accounting records.

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CONSOLIDATED BALANCE SHEET AT 31 MARCH 2011

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ACEA GROUP BALANCE SHEET	31 March 2011 (a)	31 December 2010 (b)	Increase/ (Decrease) (a) - (b)
NET WORKING CAPITAL	**156,973**	**72,985**	**83,988**
Current receivables	1,392,151	1,324,498	67,653
- *due from end users and customers*	1,211,118	1,170,902	40,216
- *due from the* Comune di Roma	136,796	113,623	23,173
Inventories	65,003	86,010	(21,006)
Other current assets	167,100	166,171	929
Current payables	(1,023,167)	(1,103,138)	79,971
- *trade*	(890,896)	(986,487)	95,591
- *due to the* Comune di Roma	(108,428)	(96,211)	(12,217)
Other current liabilities	(444,115)	(400,557)	(43,558)
NON-CURRENT ASSETS/(LIABILITIES)	**3,448,029**	**3,512,064**	**(64,035)**
Property, plant and equipment and intangible assets	3,707,147	3,821,247	(114,101)
Investments	18,409	35,803	(17,394)
Other non-current assets	373,239	299,936	73,302
Staff termination benefits and other defined-benefit obligations	(111,367)	(110,757)	(609)
Provisions for liabilities and charges	(199,382)	(200,817)	1,435
Other non-current liabilities	(340,017)	(333,348)	(6,668)
INVESTED CAPITAL	**3,605,002**	**3,585,048**	**19,953**
NET DEBT	**(2,125,600)**	**(2,203,722)**	**78,122**
Medium/long-term loans and receivables	3,527	15,210	(11,683)
Medium/long-term borrowings	(2,294,122)	(2,490,696)	196,574
Short-term loans and receivables	184,042	334,216	(150,174)
Cash and cash equivalents	199,170	296,522	(97,352)
Short-term borrowings	(218,216)	(358,974)	140,758
Total equity	**(1,479,402)**	**(1,381,326)**	**(98,075)**
BALANCE OF NET DEBT AND EQUITY	**(3,605,002)**	**(3,585,048)**	**(19,953)**

CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2011
(BEFORE IFRS 5 RECLASSIFICATIONS RELATING TO DISCONTINUED OPERATIONS)

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	Reclassified income statement Q1 2011	**Q1 2010 (*restated*)**	**Increase/ (Decrease)**
Sales and service revenues	812,393	833,644	(21,251)
Other operating income	15,553	11,734	3,819
Consolidated net revenue	**827,946**	**845,378**	**(17,431)**
Staff costs	74,113	70,801	3,312
Cost of materials and overheads	610,763	624,913	(14,149)
Total operating costs	**684,876**	**695,714**	**(10,838)**
Net profit/(loss) from commodity risk management	**(1,712)**	**3,256**	**(4,969)**
Gross operating profit	**141,358**	**152,920**	**(11,562)**
Amortisation, depreciation, provisions and impairment charges	77,098	66,830	10,268
Operating profit/(loss)	**64,260**	**86,090**	**(21,830)**
Finance (costs)/income	(23,209)	(19,794)	(3,414)
Ordinary finance (costs)/income	(23,209)	(19,794)	(3,414)
Exceptional finance (costs)/income	0	0	0
Profit/(loss) on investments	832	711	120
Profit/(loss) before tax	**41,883**	**67,007**	**(25,124)**
Income tax expense	6,817	26,328	(19,511)
Net profit/(loss) from continuing operations	**35,066**	**40,679**	**(5,613)**
Net profit/(loss) from discontinued operations	37,367	0	37,367
Net profit/(loss)	**72,433**	**40,679**	**31,754**
Net profit/(loss) attributable to non-controlling interests	*2,097*	*1,841*	*256*
Net profit/(loss) attributable to owners of the Parent	**70,336**	**38,838**	**31,498**

CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2011
(IN COMPLIANCE WITH IFRS5 RELATING TO DISCONTINUED OPERATIONS)

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IFRS 5	Q1 2011	Q1 2010 (*restated*)	Increase/ (Decrease)
Sales and service revenues	574,796	584,785	(9,988)
Other operating income	13,314	10,766	2,548
Consolidated net revenue	**588,110**	**595,550**	**(7,440)**
Staff costs	71,502	68,170	3,333
Cost of materials and overheads	277,156	268,045	9,111
Total operating costs	**348,659**	**336,215**	**12,444**
Net profit/(loss) from commodity risk management	**246**	**(3,179)**	**3,425**
Gross operating profit	**239,697**	**256,156**	**(16,459)**
Amortisation, depreciation, provisions and impairment charges	69,826	60,545	9,281
Operating profit/(loss)	**169,871**	**195,611**	**(25,740)**
Finance (costs)/income	(21,060)	(17,445)	(3,615)
Ordinary finance (costs)/income	(21,060)	(17,445)	(3,615)
Exceptional finance (costs)/income	0	0	0
Profit/(loss) on investments	832	711	120
Profit/(loss) before tax	**149,643**	**178,877**	**(29,235)**
Income tax expense	5,493	20,919	(15,425)
Net profit/(loss) from continuing operations	**144,149**	**157,959**	**(13,809)**
Net profit/(loss) from discontinued operations	(71,716)	(117,279)	45,563
Net profit/(loss)	**72,433**	**40,679**	**31,754**
Net profit/(loss) attributable to non-controlling interests	*2,097*	*1,841*	*256*
Net profit/(loss) attributable to owners of the Parent	**70,336**	**38,838**	**31,498**

ANALYSIS OF CONSOLIDATED NET DEBT AT 31 MARCH 2011

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CONSOLIDATED NET DEBT	(a) 31 March 2011	(b) 31 December 2010	Increase/ (Decrease) (a)-(b)
Non-current financial assets/(liabilities)	3,515	10,182	(6,667)
Intercompany non-current financial assets/(liabilities)	12	5,028	(5,016)
Non-current borrowings and financial liabilities	(2,294,122)	(2,490,696)	196,574
Net medium/long-term debt	**(2,290,595)**	**(2,475,486)**	**184,891**
Cash and cash equivalents and securities	199,253	297,788	(98,535)
Short-term bank borrowings	(160,908)	(208,817)	47,910
Current financial assets/(liabilities)	2,701	(87,818)	90,519
Intercompany current financial assets/(liabilities)	123,949	270,612	(146,662)
Net short-term debt	**164,995**	**271,765**	**(106,769)**
Total net debt	**(2,125,600)**	**(2,203,722)**	**78,122**

STATEMENT OF CHANGES IN EQUITY

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	Share capital	Legal reserve	Other reserves	Net profit/(loss) for the period	Total	Non-controlling interests	Total equity
Balance at 1 January 2011	**1,098,899**	**111,785**	**3,830**	**92,189**	**1,306,704**	**74,623**	**1,381,326**
Net profit/(loss) in income statement				70,336	70,336	2,097	72,433
Other comprehensive income/(losses)				(128)	(128)	157	29
Total comprehensive income/(loss)	*0*	*0*	*0*	*70,208*	*70,208*	*2,254*	*72,462*
Appropriation of net profit/(loss) for 2010			92,189	(92,189)	0		0
Dividends paid					0		0
Change in basis of consolidation		(3,607)	30,936		27,329	(1,716)	25,613
Balance at 31 March 2011	**1,098,899**	**108,178**	**126,956**	**70,208**	**1,404,240**	**75,161**	**1,479,402**