

PRESS RELEASE

Public Takeover Offer promoted on Acque Potabili S.p.A.

Turin, March 11, 2014 – IREN S.p.A., IREN Acqua Gas S.p.A. ("IAG"), a company whose corporate capital is entirely owned by IREN, and Società Metropolitana Acque Torino S.p.A. ("SMAT"), communicate that on the date hereof they have resolved to jointly promote by means of Sviluppo Idrico S.r.l., a company whose corporate capital is equally owned by IAG and SMAT, a voluntary global takeover offer pursuant to articles 102 and following of the Consolidate Law on Finance (the "CLF") (the "Offer") on no.13,785,355 ordinary shares of Acque Potabili S.p.A – Società per la condotta di Acque Potabili ("SAP").

At the date hereof, IAG and SMAT own respectively no. 11,108,795 and no. 11,109,295 of ordinary shares of SAP, for an overall amount equal to 61.71% of the corporate capital of the company.

The offer is firstly aimed at delisting the ordinary shares of SAP from *Mercato Telematico Azionario*, a regulated market managed by Borsa Italiana.

The main features and reasons of the Offer are described in the notice communicated to the public by the offeror Sviluppo Idrico S.r.l. pursuant to and to the effect of article 102 CLF and article 36 of the Issuers Regulation, attached hereto and to which it is made reference.

Annex: Notice pursuant to Article 102 and ff. of the CLF by Sviluppo Idrico S.r.l.

IREN is one of the leading multi-utility companies in Italy, established from the merger between Iride and Enia, and provides public utility services in the Provinces of Genoa, Turin, Reggio Emilia, Parma and Piacenza. With a multi-business portfolio and leading presence in all the industrial areas (electrical energy, gas, water, waste, district heating and renewable energy) in addition to a good balance between open market activities and regulated activities, IREN is in third place among the multi-utility companies, on a national basis in terms of revenues.

SMAT is fully public owned company that provides the water service in favor of more than 2.2 million people in 288 municipalities of the Province of Turin.

SMAT is a point of reference at national level to the high quality of the service offered and the constant search for innovative technologies to be applied to the water sector.

Recently in SMAT was awarded the first prize of Top Utility 2014 as the best company of Italian public service.

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Sviluppo Idrico S.r.l.

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March 11, 2014

NOTICE PURSUANT TO ARTICLE 102, PARAGRAPH 1, OF THE LEGISLATIVE DECREE No. 58 DATED 24 FEBRUARY 1998 AS FURTHER AMENDED AND PURSUANT TO ARTICLE 37, PARAGRAPH 1, OF THE CONSOB REGULATION No. 11971, DATED 14 MAY 1999, AS FURTHER AMENDED

It is communicated pursuant to article 102, paragraph 1, of the Legislative Decree no. 58, dated 24 February 1998, as further amended (the "**Consolidated Law on Finance**" or "**CLF**") and pursuant to article 37, paragraph 1, of the CONSOB Regulation no. 11971, dated 14 May 1999, as further amended (the "**Issuers Regulation**"), that Iren Acqua Gas S.p.A. ("**IAG**") and Società Metropolitana Acque Torino S.p.A. ("**SMAT**") have resolved to jointly promote – by means of Sviluppo Idrico S.r.l. ("**Sviluppo Idrico**" or the "**Offeror**"), a company whose corporate capital is equally divided between IAG and SMAT– a tender offer on the entirely common shares (the "**Shares**") of Acque Potabili S.p.A. (the "**Issuer**" or "**SAP**") except for no. 11,108,795 Shares owned by IAG and no. 11,108,795 Shares owned by SMAT, listed on *Mercato Telematico Azionario*, a regulated market organized by Borsa Italiana S.p.A ("**MTA**").

Therefore, the Offer is related to a maximum of 13,785,355 Shares, equal to approximately 38.29% of the corporate capital of SAP.

For the sake of clarity, the Framework Agreement (as defined below) provides that, in order to consent to IAG and SMAT to own the same number of Shares following the Offer, SMAT undertakes to contribute to the Offer no. 500 Shares owned by the same.

Please find below a description of the main features of the Offer and reasons connected thereto. For more details concerning the Offer, please refer to the offering document which shall be drafted and available to the public in compliance with the applicable law (the "**Offering Document**").

The present notice will be also communicated to SPA pursuant to article 37, paragraph 1 of the Issuers Regulation.

Sviluppo Idrico S.r.l.

1. The Offeror and the controlling entities

Sviluppo Idrico is a limited liability company, with registered office in Torino, Corso Svizzera n. 95, registered with the Register of Companies of Torino, tax code 11100280012.

As of the date hereof the corporate capital of the Offeror is equal to Euro 50,000.00 fully paid in, divided into quotas according to the applicable law.

The Offeror has been incorporated on March 5, 2014, by the Notarial deed made by the Notary Public Natale Nardello. The company shall expiry on December 31, 2030.

The entire corporate capital of Sviluppo Idrico is equally owned by IAG and SMAT.

IAG is a joint-stock company with a sole shareholder, duly incorporated under the Italian law, with registered office in Genova, Via dei Santi Giacomo e Filippo 7 - 16122, tax code 01571510997. IAG is under the coordination and control of Iren S.p.A. pursuant to Article 2497 and following of the Italian civil code.

SMAT is a joint-stock company, duly incorporated under the Italian law, with registered office in Torino, Corso XI Febbraio 14 - 10152, tax code 07937540016.

As of the date hereof:

- the corporate capital of IAG is equal to Euro 386,963,511.00 fully paid in, divided into no. 386,963,511.00 of shares with a pair value of Euro 1.00 each, entirely owned by the controlling company IREN S.p.A.;
- the corporate capital of SMAT is equal to Euro 345,533,761.65 fully paid in, divided into no. 5,352,963.00 of shares, with a pair value equal to Euro 64.55 each. The Municipality of Turin directly owns no. 3,195,579 shares of SMAT and, indirectly through the controlled company Finanziaria Città di Torino S.r.l. no. 300,600 shares of SMAT for an overall amount equal to the 65.31% of the corporate capital of SMAT.

2. Entities acting in concert with the Offeror in connection with the Offer

IAG and SMAT are acting in concert with the Offeror pursuant to article 101-*bis*, paragraph 4 of the CLF, in the light of the following:

- they both own the entirely corporate capital of Sviluppo Idrico;
- on March 11, 2014 IAG, SMAT and Sviluppo Idrico entered into by a framework agreement (the "**Framework Agreement**") aimed at, *inter alia*, (a) regulating and coordinating the actions and the activities that they will carry out, as well as (b) establishing, respectively, the rights and obligations, in order to (i) the possibility to revoke the shares of SAP from listing on MTA, through the promotion of the Offer by the Offeror ("**Delisting**"); (ii) to finalize the merger between the Offeror and SAP following the Delisting; (iii) to find the financial resources in order to promote the Offer; (iv) to regulate the *corporate governance* of the Offeror, based on the equality between IAG and SMAT, even in appointing the managing and controlling body of the Offeror.

The Framework Agreement, which shall be communicated to the public in compliance with the provision under Article 122 of the CLF does not modify the Shareholders' Agreement (defined as follows) which is currently effective between IAG and SMAT.

3. The Issuer

The company name of the Issuer is Società Azionaria per la Condotta di Acque Potabili S.p.A., or simply "Acque Potabili S.p.A.", a joint stock company, duly incorporated under the Italian law, with registered office in Torino, Corso XI Febbraio 22 - 10152. The shares of SAP are listed on MTA.

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The corporate capital of SAP is equal to Euro 3,702,394.50, of which Euro 3,600,294.50 fully paid in, divided into no. 36,002,945 shares with a pair value equal to Euro 0.10 each.

As at the date hereof, the entities owning, directly or indirectly, shares with voting rights exceeding the 2% of the corporate capital of SAP are the following:

Indirect Owner	Declarant	Title	% of the corporate capital
Iren S.p.A.	IAG	Ownership	30.855%
Torino Municipality	SMAT	Ownership	30.857%
Intesa Sanpaolo S.p.A.	EQUITER S.p.A.	Ownership	8.95%

On September 17, 2007, IAG and SMAT entered into, and communicated to the market pursuant to Article 122 of the CLF, a shareholders' agreement (the "**Shareholders' Agreement**") in order to coordinate their mutual efforts and to consolidate their investments in SAP. The Shareholders' Agreement has been renewed, at latest, in 2013 and the current expiration date is September 14, 2016.

As the date hereof there are no persons that by virtue of the Shareholders' Agreement individually exercise a control over SAP pursuant to Article 93 of the CLF.

4. Financial instruments related to the Offer

The Offer is related to no. 13,785,355 Shares, equal to the common shares of Acque Potabili S.p.A. listed on the MTA except for no. 11,108,795 Shares owned by IAG and no. 11,108,795 Shares owned by SMAT. The Shares related to the Offer are approximately equal to 38.29% of the corporate capital of the Issuer.

In such respect, please note that:

- following to the Offer, in order to consent to IAG and SMAT to own the same number of Shares, SMAT has undertaken to contribute to the Offer no. 500 Shares owned by the same;
- on the date hereof Equiter S.p.A. has formally and irrevocably provided that the price offered was at least equal to Euro 1.05 and subject to the fulfillment of certain other conditions, undertaken to adhere the Offer and brought to the Offer no. 3,222,815 Shares owned by the same within the fifth Business Day from the starting of the Subscription Period that represent the 8.95% of the corporate capital of SAP.

The number of Shares related to the Offer may be reduced as a consequence of (i) the acquisitions that the Offeror may possibly do within the date of publication of the Offering Document; and (ii) the acquisitions out of the Offer that the Offeror may possibly perform before the closing date of the Subscription Period (as identified in the Offering Document). In this case, the Offeror will inform the public in connection to the transactions carried out pursuant to Article 41, paragraph 2, of the Issuers Regulation.

The Shares tendered shall be free from any kind of encumbrances as well as freely transferable to the Offeror.

5. Amendment to the Offer

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On the basis of an agreement and within the limits of the applicable law, and in particular, the limits and procedures provided under Article 43 of the Issuers Regulation, the Offeror reserves its right to make amendments to the Offer within the day prior to the date established for the closing of the Subscription Period of the Offer. In case of amendment to the Offer, the closing of the Subscription Period of the Offer will not be made in a period of less than three business days from the date of publication of the amendment. If necessary, the Offer will be extended.

6. Unit price and total value of the Offer

The Offeror will pay a Consideration equal to Euro 1.05 for each Share subscribed under the Offer. The Consideration shall be paid entirely in cash and it is deemed to be net of stamp duty, fees and expenses, which shall be borne by the Offeror. The substitutive tax on capital gains, if any, shall be borne by the subscribers to the Offer.

Therefore, the maximum overall consideration of the Offer, calculated on the total Shares related thereto, will be equal to Euro 14,474,622.75 (the "**Maximum Amount**").

This Consideration is inclusive of a premium equal to 15.5% over the weighted average of the official prices related to last six months equal to Euro 0.9088, as well as the following premiums or discounts over the weighted average of the official prices related to the reference periods listed in the table below:

	Weighted Average Price	Premium/discount
March 10, 2014	1.0959	- 4.2%
1 month	1.0095	4.0%
3 months	0.9578	9.6%
6 months	0.9088	15.5%
12 months	0.8907	17.9%

Pursuant to Article 37-bis of the Issuers Regulation, the Offeror is in a position to fully fulfill to any payment related to the Consideration.

7. Subscription Period and Reopening of the Terms

The subscription period (the "**Subscription Period**") will be agreed with Borsa Italiana S.p.A., in accordance with the provisions of applicable laws and regulations and the Offeror, for the time being, envisages that the same could start by the end of April 2014.

In compliance with the limits established by the applicable law (and in particular, within the limits and according to the procedures provided by Article 43 of the Issuers Regulation) the Offeror reserves its right to extend the Subscription Period, whose maximum duration cannot be superior to forty business days, pursuant to Article 40, paragraph 2, of the Issuers Regulation.

Please note that, pursuant to article 40-bis of the Issuers Regulation, the terms to subscribe the Offer will be reopened for a further period of five business days (the "**Reopening of the Terms**") starting from the day following the date of payment of the Consideration, if the Offeror, in the event of non-fulfillment of condition no. 2 referred to in Paragraph 8, announces to waive to such a condition together with the publication of the press release on the results of the Offer.

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However, the Reopening of the Terms will not apply if the Offeror communicates to the market its waive to the condition no. 2 referred to in Paragraph 8, through a special press release to be published pursuant to Article 40-*bis*, paragraph 3, of the Issuers Regulation at least five Business Days prior to the end of the Subscription Period.

8. Conditions related to the Offer

The Offer is addressed to all the shareholders of the Issuer, without any distinction and on equal terms and it is subject to the fulfillment of the following conditions precedent:

1. failure to occur later than the second day preceding the Payment Date, at national and or at international level, (a) of events or extraordinary circumstances which result or may result in, major changes in the political, financial, economic, currency or market conditions which have or may have, materially negative effects in relation to the Offer or (b) of events or circumstances which make worse or may make worse as a result of the Offer, the balance sheet and the economic and financial situation of SAP with respect to the situation communicated at the date hereof, or (c) regulation amendments which restrict, or otherwise affect, the purchase of the Shares or the exercise of the ownership of the same or other rights relating to the Shares;
2. the achievement by the Offeror as a result, and due to the Offer, together with the shares owned by IAG and SMAT, of an overall participation in SAP equal to the 90% of its share capital at least. For that purpose, it will be considered: (i) the shares owned by IAG and SMAT; (ii) the Shares subscribed under the Offer; (iii) the Shares possibly acquired by the Offeror out of the Offer, in compliance with the provisions under Article 41, paragraph 2, letter c) and Article 42, paragraph 2 of the Issuers Regulation (the "**Offer Conditions**").

The Offeror at any time, at its sole discretion, totally or partially, if possible under the law and according to the provisions of Article 43, paragraph 1, of the Issuers Regulation, may waive the Offer Conditions or amend the terms of the same. Such waiver or amendment, if necessary, will be notified as provided under Article 36 of the Issuers Regulation.

9. Grounds of the Offer

First of all, the Offer is aimed at delisting the common shares of SAP from the quotation on MTA.

From a commercial point of view, the Offer is rather aimed at expanding and optimizing the possible synergies within certain sectors of activity in which SAP, IAG and SMAT operate, by means of the overcoming of the split management of SAP at a local level and the integration of the management of the concessions owned by the three companies.

The depletion of the capacity of SAP to represent an independent vehicle for the commercial development, according to IAG and SMAT, is a consequence of the recent developments of the applicable laws to the matter at stake (in the light of the results of the *Referendum* occurred on 12 and 13 June, 2011) and the judgment issued by the Constitutional Court n. 199 dated 20 July, 2012 which abrogated, *inter alia*, the provisions which regulated in detail the procedures concerning the commitment of the local public services, the temporary laws of the commitments in force not in compliance with the European principles related to the competition, included the mechanism of the early expiration provided therein.

The deliberations of the Authority of the electricity, gas and the hydric system, adopted from 2012 and related to the sector of the hydric services, intend to favor a model of business grounded on the attribution to the integrated hydric system of an important role within the territorial range of application in order to, *inter alia*: (i) allow economies of scale and of differentiations adequate to maximize the efficiency of the service and; (ii) reduce the serious fragmentation of the managements on the national territory, which, together with the lack of the infrastructures, represent one of the most important issues of the national hydric system.

Within the commercial and legal picture described above, it is necessary to redefine the operative position of SAP, on the basis of its close operative relationships with IAG and SMAT.

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Furthermore an additional factor of streamlining and efficiency of the corporate management may arise from the simplification of the shareholding of SAP consequent to the envisaged possibility of merger between the Offeror and the Issuer.

In the event that the Offer has a positive ending and the delisting of SAP occurs, IAG and SMAT would assume an important role within the corporate governance of SAP and of the entities held or controlled by the latter. In particular, it would be established the necessity of the consent of both the shareholders in order to adopt resolutions concerning matters of significance, by way of example, the introduction and the implementation of certain strategic policies aimed at the reorganization of the corporate activities.

The Framework Agreement entered into by IAG, SMAT and Sviluppo Idrico as the day hereof establishes also, in case of Delisting, a merger between Sviluppo Idrico and SAP, which terms have not been precisely defined yet.

In such respect, for the time being it has been imagined, at the end of the Delisting, a reorganization of the activities and of the assets (included the concessions) owned by the Offeror, on the basis of which said activities and said assets may be directly assigned to IAG and SMAT.

10. Intention of revocation of the shares from the transactions

10.1 Obligation to purchase as provided by article 108, Paragraph 2 CLF

The Offeror represents as of now that in the event, following and consequently the Offer, included the possible Reopening of the Terms according to Article 40-*bis* of the Issuers Regulation, the Offeror will have, jointly with IAG and SMAT, an overall participation higher than the 90% and lower than the 95% of the corporate capital of the Issuer, it will not proceed with the reconstruction of a floating sufficient to secure the regular trading of the transactions, as provided by Article 108 paragraph 2 of the CLF.

In order to estimate the above mentioned participation it shall be taken into account as follows: (i) the shares owned by IAG and SMAT, (ii) the Shares owned by the Offeror following and consequently the Offer, included the possible Reopening of the Terms according to Article 40-*bis* of the Issuers Regulation, and (iii) the Shares possibly purchased out of the Offer during the Subscription Period, as provided under Article 41 paragraph 2, letter c) and Article 42, paragraph 2 of the Issuers Regulation.

In relation to the above, the Offeror, as provided by Article 108, paragraph 2 of the CLF, shall purchase the residual Shares owned by the shareholders of the Issuer upon their request.

10.2 Obligation to purchase as provided by article 108, Paragraph 1 of the CLF and Right of Purchase as provided by article 111 of the CLF

Following and consequently (i) the Offer, including the possible Reopening of the Terms according to Article 40-*bis* of the Issuers Regulation, or (ii) the fulfillment of the obligation to purchase according to Article 108, paragraph 2 of the CLF as provided under Paragraph 9.1 of the present document, should the Offeror own an overall participation equal to the 95% of the corporate capital of the Issuer, Article 108, paragraph 1 and Article 111, paragraph 1 of the CLF shall apply.

In order to estimate the above mentioned participation, it shall be taken into account: (i) the shares owned by IAG and SMAT, (ii) the Shares owned by the Offeror following and consequently the Offer, including the possible Reopening of the Terms according to Article 40-*bis* of the Issuers Regulation, and (iii) the Shares possibly purchased out of the Offer during the Subscription Period, as provided under Article 41 paragraph 2, letter c) and Article 42, paragraph 2 of the Issuers Regulation and (iv) the Shares possibly purchased by the Offeror following and consequently the fulfillment of the obligation to purchase according to Article 108, paragraph 2 of the CLF.

In this case, as of now the Offeror represents its intention to enforce, as soon as possible at the occurrence of the legal conditions, its right to purchase as provided by Article 111 of the CLF in order to purchase the residual Shares, concomitantly fulfilling, by means of a jointly procedure, to the obligation to

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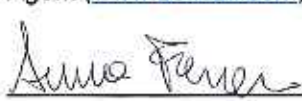
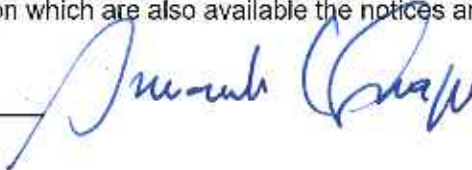
purchase according to Article 108, paragraph 1, of the CLF vis-à-vis the Issuer's shareholders which request.

11. Necessary Authorizations provided by the applicable laws

The Offer is not subject to the issuance of any authorizations from the competent authorities.

12. Web site in order to advertise the notices and the documents concerning the Offer

The notices and the documents related to the Offer are available on the web site of the Global Information Agent (www.solidali.com) (on which are also available the notices and the news concerning the Offer).


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Sviluppo Idrico S.r.l.