

Iren Energia and Italgas: agreement for the separation of AES Torino's gas and district heating branches

Turin, 9th April 2014 - Iren Energia, a company entirely owned by Iren, and Italgas (a company entirely owned by Snam) signed today a binding agreement for the separation of the distribution of natural gas and district heating activities currently carried out by AES Torino (Iren Energia 51%, Italgas 49%).

According to the agreement, which provides for the non-proportional demerger of AES Torino, Iren Group will be the beneficiary of the business relating to the distribution of district heating and will exit the shareholding structure of AES Torino, whereas Italgas will hold the entire share capital of AES Torino (which it will be after the completion of the demerger). The transaction is subject to the attainment of the necessary permits (including antitrust) and will end with the effectiveness of the separation scheduled for July 1, 2014.

With the completion of the agreement, Iren Energia will be again the holder of the district heating network of the towns of Turin, Moncalieri and Nichelino which, with 56 million cubic meters of volumes heated (equal to approximately 60% of the inhabitants), is the most extended network in Italy, and will consolidate its leadership in Italy in the district heating sector with more than 78 million cubic meters served in the towns of Turin, Genoa, Parma, Piacenza and Reggio Emilia. Through AES Torino, Italgas will return to directly manage the gas distribution in Turin with one of the most important city gas distribution networks in the country, with 1,335 km of pipelines, 469,000 points of delivery and 625 million cubic meters distributed in 2013.

The transaction will allow both parties to focus in the Turin area on their own strategic

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business, fostering the development and renewal of the respective assets.

The reasons for the break-up of the joint venture keep into consideration, among other things, the evolution of the gas distribution service legislative framework which eliminated the assumptions underlying the combined exercise of the two services.

In 2013 AES Torino reported a 150 million euros EBITDA, a 288 million euros Net Financial Debt and a 331 million euros Total Shareholder Equity.

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 ranks fourth among the multi-utility companies, on a national basis in terms of Revenues.

Italgas is part of the Snam Group, one of the major players in Europe in the integrated management of gas infrastructures, active also in natural gas transport, regasification and storage. With a portfolio of more than 1,400 concessions and 6 million users, Italgas is the leading company in Italy in natural gas city distribution.

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