



ACEA S.p.A.

**Consolidated Financial Statements as of December 31,
2013**

**Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39
dated January 27, 2010
(Translation from the original Italian text)**

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pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
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To the Shareholders
of ACEA S.p.A.

1. We have audited the consolidated financial statements of ACEA S.p.A. and its subsidiaries, (the "ACEA Group") as of and for the year ended December 31, 2013, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of the ACEA S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements presents for comparative purposes the consolidated financial statements of previous year and the balance sheet as at January 1, 2012. As described in the notes, the management has restated certain comparative figures related to the previous period and the balance sheet as at January 1, 2012, that results from consolidated financial statement as at December 31, 2011, compared to the data previously presented and audited by us, on which we issued the audit reports respectively dated on March 25, 2013 and April 12, 2012. We have examined the methods used to restate the comparative figures and the related information presented in the notes, for the purpose of expressing our opinion on the consolidated financial statements as of and for the year ended December 31, 2013.

3. In our opinion, the consolidated financial statements of the ACEA Group as of December 31, 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the ACEA Group as of December 31, 2013 and for the year then ended.

4. We draw the attention to the following matters:

- With reference to the subsidiaries GORI S.p.A. and ACEA ATO5 S.p.A., the management has disclosed in the notes and in the report on operation the reasons that require the provisions recognized in a prior year to be maintained, due to the persistent uncertainty affecting GORI S.p.A.'s operations and, with regard to ACEA ATO 5 S.p.A., the uncertainty relating to the fee adjustments' recovery.
- With the enactment of Law n. 214 of December 22, 2011, the Regulatory Authority for Electricity Gas and Water ("AEEGSI", formerly "AEEG") has assumed the functions of regulating, controlling and monitoring water services. The water sector is characterized by complex regulatory decisions recently issued, including, in particular, the resolution n.585/2012/R/idr of December 28, 2012 in which the AEEGSI approved the Transitional Tariff Methodology ("MTT") for determining 2012 and 2013 tariffs and the subsequent resolution of December 27, 2013 n. 643/2013/R/idr in which the AEEGSI approved the Tariff Water Method for determining 2014 and 2015 tariffs. The management has disclosed in the notes and in the report on operation the main matters established by the mentioned resolutions and, in particular:
 - determine the revenue from integrated water services, basis on the Restriction on Guaranteed Revenues ("VRG"), included the New Investment Fund ("FoNI") as tariff component. The allocation restriction referred to the latter component tariff has been fulfilled by ACEA's subsidiary operating in the water sector, keeping in consideration the interpretation of its legal nature and with regards to the accounting framework, with the allocation of part of their profit to an unavailable reserve;
 - define the methods and terms of adjustments related to the completion of the process in tariff matter which involve the Area Authorities and AEEGSI.
- The ACEA Group carries on significant transactions with related parties, whose nature and extent are described in the notes to the financial statements.

5. The management of ACEA S.p.A. is responsible for the preparation of the Report on Operations and the Corporate Governance and Ownership Structure Report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the consolidated financial statements of the Report on Operations and the specific section on Corporate Governance and Ownership Structure Report, regarding the information included therein in compliance with art. 123-bis paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of Legislative Decree n. 58/1998, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in the Corporate Governance and Ownership Structure Report in compliance with art. 123-bis paragraph 1, letters c), d), f), l), m) and paragraph 2),



letter b) of Legislative Decree n. 58/1998, are consistent with the consolidated financial statements of the ACEA Group as of December 31, 2013.

Rome, April 30, 2014

Reconta Ernst & Young S.p.A.
signed by: Filippo Maria Aleandri, partner

This report has been translated into the English language solely for the convenience of international readers