ACSM-AGAM, ASPEM, AEVV, LARIO RETI HOLDING AND A2A ENTER INTO A BUSINESS AND CORPORATE PARTNERSHIP BETWEEN MULTI-UTILITIES

Milan, 23 January 2018

The Boards of Directors of ACSM-AGAM S.p.A. ("**ACSM-AGAM**"), ASPEM S.p.A. ("**ASPEM**"), AEVV S.p.A. ("**AEVV**"), AEVV Energie S.r.l. ("**AEVV Energie**"), LARIO RETI HOLDING S.p.A. ("**LRH**"), Acel Service S.r.l. ("**Acel Service**"), **Lario Reti Gas S.r.l.** ("**LRG**") and A2A S.p.A. ("**A2A**") have approved a business and corporate partnership which has been studied by the parties for some time, as most recently announced to the market on 28 December 2017, the phases of which are described below (the "**Aggregation Project**").
Following approval by the respective administrative bodies, ACSM-AGAM, ASPEM, AEVV, LRH and A2A therefore signed the contractual documents governing the Aggregation Project, while the Municipalities which have equity stakes in the companies involved in the Aggregation Project will subscribe to these agreements and sign the relative contractual documents only after the final approval by the respective administrative bodies expected by 12 March 2018.

THE COMPANIES INVOLVED

ACSM-AGAM, as the "aggregator entity," a multi-utility in Lombardy created from the merger of the former municipal utilities of Como and Monza, is a publicly listed company, owned by A2A, the Municipality of Como and the Municipality of Monza, among others, mainly operating in the provinces of Como and Monza-Brianza, as well as in the provinces of Venice and Udine through companies in its group, and in the following sectors: (i) gas distribution; (ii) water service; (iii) sale of electricity and gas; (iv) co-generation, district heating and heat management; (v) waste-to-energy transformation.

ASPEM, is a multi-utility active in the Province of Varese, controlled by A2A, operating, directly and through other companies in its group, in the following sectors: (i) water service; (ii) environmental hygiene services; (iii) gas distribution and (iv) district heating.

AEVV is a publicly owned corporation (issuer of Financial Instruments distributed among the general public in significant numbers, pursuant to Art. 2-bis of CONSOB Regulation no. 11971/1999) active in the Province of Sondrio, whose relative majority shareholder is the Municipality of Sondrio, operating, both directly and through the companies in its group, in the following sectors: (i) gas distribution; (ii) sale of electricity and gas; (iii) heat management and other energy services; (iv) electricity distribution; (v) pharmacy management; (vi) public lighting and (vii) car park management.

Acel Service is a company controlled by LRH operating in the following sectors: (i) sale of natural gas and electricity; (ii) production of electricity from photovoltaic plants and (iii) heat management.

AEVV Energie is a company held by AEVV (51%) and LRH (49%), which sells natural gas and electricity.

Lario Reti Gas is a company entirely held by LRH which operates mainly in natural gas distribution.

A2A Idro4 S.r.l. ("**A2A Idro4**") is a company whose share capital is held entirely by A2A, and the transferee – as part of the Aggregation Project – of four hydroelectric plants owned by A2A, together with the contractual relations, and related assets and liabilities (the "**Hydroelectric Assets**").

A2A Energia S.r.l. ("**A2A Energia**") is a company entirely held by A2A and mainly involved in the sale of electricity and gas to large industrial customers, SMEs, apartment buildings and domestic customers.

MAIN TERMS OF THE AGGREGATION PROJECT

The Aggregation Project, is made up, in short, of the following phases:

(i) the mergers by incorporation into ACSM-AGAM of A2A Idro4, ASPEM, AEVV Energie, ACEL Service, AEVV and LRG (collectively, the "**Merger**");
(ii) the partial demerger of A2A Energia in favour of ACSM-AGAM mainly concerning a branch made up of contractual relations with customers in the province of Varese in the energy sector (the "**Demerger**"); and
(iii) after completion of the Merger and Demerger, the reorganization of ACSM-AGAM consisting of the streamlining of the assets received through the execution of various contributions to newly established companies (entirely controlled by ACSM-AGAM) or to other existing companies already controlled by ACSM-AGAM or of which the latter has become a shareholder due to the Merger (the "**Contributions**").

The aforementioned corporate transactions represent, considered together, the Aggregation Project which will be brought to the attention of the Shareholders' Meetings of the companies involved.

The company created by the Aggregation Project will represent a listed operator, which will have, as a reference shareholder, a business partner of national importance and publicly owned, such as A2A.

The Aggregation Project fits into the evolutionary context of the Italian local utilities sector which, faced with a gradual opening-up to competition, some time ago began a consolidation process which is leading to the formation of a small number of larger operators, also with strong territorial roots.

In this context, the companies involved agree on the industrial value of the Project which aims to integrate their businesses, benefiting from the technical and managerial expertise already developed by A2A in order to tackle, with sound fundamentals, the challenges in the sector from an industrial and financial perspective.

The process of drafting the Strategic Plan and the main operational and economic-financial characteristics underlying it therefore aim to strengthen the traditional businesses, invest resources in regional businesses (Public Lighting, Smart City, Energy Efficiency) and achieve cost and structure synergies deriving from system and process optimisation.

The scope of the aggregated enterprise includes companies that achieve, considering the aggregated values for 2016, revenues amounting to 421 million euros, an EBITDA of around 80 million euros and profit of around 30 million euros. The aggregated Net Financial Position based on 2016 values is around 80 million euros with a total workforce of around 800 employees.

Due to the effect of the Aggregation Project, some amendments will be made to the bylaws of ACSM-AGAM, including, in particular (i) the expansion of the business purpose to include the activities of the companies being incorporated and as of today not covered in the current business purpose and (ii) some amendments relating to governance.

In terms of governance, the contractual agreements signed today include, inter alia, the commitment by A2A, LRH, the Municipality of Como, the Municipality of Monza, the Municipality of Sondrio and the Municipality of Varese to sign a shareholders' agreement – in the form already substantially agreed, which is due to be signed before the extraordinary shareholders' meeting called to approve the Merger project and the Demerger project – which will govern the post-Aggregation Project structure of ACSM-AGAM, the content of which will be published within the times and in the manner set forth by law.

Given that the completion of the Aggregation Project will result in some amendments to the bylaws of ACSM-AGAM including, in particular, the amendment of the business purpose, shareholders who were not party to the Merger resolution will be able to withdraw from the company pursuant to art. 2437 of the Italian Civil Code. In this regard, the Board of Directors of ACSM-AGAM, while convening the shareholders' meeting called to approve the merger, will determine the liquidation value to be paid to its shareholders who have exercised the right to withdraw. By rule of law, this value – which will be disclosed to the market as soon as it is set – will be determined by referring to the arithmetic mean of the closing prices of the share in the 6 months prior to the date of publication of the shareholder's meeting call notice.

In the same way and for the same reasons, the shareholders of the companies being incorporated who were not party to the Merger resolution will be able to withdraw from the companies pursuant to art. 2437 of the Italian Civil Code, or, depending on the case, pursuant to art. 2473 of the Italian Civil Code.

The exchange ratio of the Merger has been set as follows (numbers rounded to the second decimal place):

(i) for A2A Idro4: the sole shareholder will receive 2,381.61 ACSM-AGAM shares in exchange for each share of 1 euro in the share capital of A2A Idro4;
(ii) for ACEL Service: the sole shareholder will receive 8.68 ACSM-AGAM shares in exchange for each share of 1 euro in the share capital of ACEL Service;
(iii) for AEVV Energie: each shareholder will receive 6.15 ACSM-AGAM shares in exchange for each share of 1 euro in the share capital of AEVV Energie;
(iv) for ASPEM: each shareholder will receive 148.98 ACSM-AGAM shares in exchange for each ASPEM share;
(v) for AEVV: each shareholder will receive 6.64 ACSM-AGAM shares in exchange for each AEVV share;
(vi) for LRG: the sole shareholder will receive 1.20 ACSM-AGAM shares in exchange for each share of 1 euro in the share capital of LRG.

As regards the Demerger, the sole shareholder of A2A Energia will receive in exchange 9,816,895 ACSM-AGAM shares.

On the basis of said exchange ratios, once the Merger and the Demerger have become effective, the share ownership of ACSM-AGAM, with reference to the shareholders that sign the Shareholders'

Agreement, will be as follows: A2A will hold 38.91% of the share capital of ACSM-AGAM, LRH will hold a stake of 23.05%, the Municipality of Monza will hold a stake of 10.53%, the Municipality of Como will hold a stake of 9.61%, the Municipality of Sondrio will hold a stake of 3.30%, and the Municipality of Varese will hold a stake of 1.29%. The floating capital is expected to reduce to around 13%. This configuration does not consider the effect on the share ownership deriving from any exercising of the right to withdraw shareholders who are entitled to do so.

In light of the above, on the date the Merger and Demerger come into effect, A2A will hold over 30% of the voting rights that can be exercised at the ACSM-AGAM shareholders' meeting, bringing it over the takeover threshold applicable to ACSM-AGAM given its status as an SME. Therefore, pursuant to art. 106 of the CLF (Legislative Decree 58/1998), the completion of the Merger and Demerger would lead to the obligation for A2A, LRH, the Municipality of Como, the Municipality of Monza, the Municipality of Varese and the Municipality of Sondrio (and those possibly acting in concert with them) to launch a public takeover bid for all the shares of ACSM-AGAM.

However, pursuant to article 49, subsection 1, letter (g) of the Issuer Regulation (Regulation adopted with Consob resolution no. 11971/1999), the takeover bid obligation will cease if the Merger and Demerger resolutions are approved by the shareholders' meeting of ACSM-AGAM without a vote against by the majority of the shareholders present at the shareholders' meeting, other than a shareholder or shareholders who hold, even among themselves, directly or indirectly, shares amounting to over 10% of the ordinary capital (that is, other than A2A, the Municipality of Monza and the Municipality of Como) (known as the *whitewash* mechanism).

However, it is specified that the effectiveness of the Merger and Demerger resolutions shall not be contingent upon the positive outcome of the aforementioned whitewash mechanism: therefore, if the Merger and Demerger resolutions are approved without the favourable vote of the majority of the shareholders present at the shareholders' meeting of ACSM-AGAM other than A2A, the Municipality of Monza and the Municipality of Como, the parties will continue with the Aggregation Project and A2A and the parties to the aforementioned shareholders' agreement shall be jointly and severally required to launch a public takeover bid for all the shares of ACSM-AGAM. Should this situation occur, the takeover bid unit price would coincide with the value attributed to one ACSM-AGAM share for the purposes of determining the aforementioned exchange ratio, that is it will amount to 2.47 euros (rounded to two decimal places).

If, upon completion of any takeover bid and the exercising of the withdrawal right, the floating capital of ACSM-AGAM were to be reduced to such an extent that the negotiations could not continue as planned, on the basis of the contractual agreements signed today, the parties would reconstruct the floating stock to a level that would enable the ACSM-AGAM shares to remain listed on the MTA (Electronic Share Market).

The Merger and Demerger represent a related-party transaction in accordance with the relative procedure adopted by ACSM-AGAM given that, as of today, A2A holds 23.9% of the share capital of ACSM-AGAM and controls it, together with the Municipality of Monza and the Municipality of Como, by means of the shareholders' agreement currently in place. In this regard, the Board of Directors today received a favourable opinion from the Related-Party Committee on ACSM-AGAM's interests in carrying out the Aggregation Project, in line with the provisions of the aforementioned procedure for related-party transactions.

As already disclosed to the market on 4 December 2017, A2A had reserved the right to evaluate the opportunity of whether to use the exemption provided for in article 14 of the CONSOB regulation adopted with Resolution no. 17221 of 12.3.2010 (the "**RPT Regulations**") and, following the evaluations made, it has decided to take advantage of this exemption in virtue of the absence of the interests that can be qualified as "significant" (understood from an economic point of view) of other related-parties that would justify the application of the procedural safeguards provided for in the RPT Regulations and in A2A's internal procedure for related-party transactions.

Detailed information on the Merger and Demerger transaction will also be contained in the illustrative report of the Board of Directors of ACSM-AGAM and in the related parties information notice which will be made available as required by law.

CONDITIONS

The completion of the Aggregation Project is subject not only to the approval of the respective shareholders' meetings of the participating companies, but also to certain conditions precedent being met, including (i) full subscription by the Municipalities of Como, Monza, Sondrio and Varese of the contractual documents governing the Aggregation Project, signed earlier today by A2A, Lario Reti Holding, ACSM-AGAM, ASPEM and AEVV, the obtaining of authorisation from the Italian Competition Authority, after 60 days have passed without any opposition from the creditors of the companies involved pursuant to article 2503 of the Italian Civil Code, as well as the issuing of the positive opinion of the independent expert on the exchange ratio of the Merger and Demerger. The market shall be promptly informed of any fulfilment of the aforementioned conditions.

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PwC Deals jointly assisted ACSM-AGAM, A2A, LRH, AEVV and ASPEM as the strategic and financial advisor of the Aggregation Project, while PwC TLS Avvocati e Commercialisti assisted the parties as the joint legal advisor.

As the party-appointed legal advisor, ACSM-AGAM was assisted by the law firm Bonelli Erede while A2A was assisted by the law firm Gianni, Origoni, Grippo, Cappelli, & Partners.

As the party-appointed financial advisor, ACSM-AGAM was assisted by Banca IMI, LRH and AEVV were assisted by Rothschild, A2A was assisted by Mediobanca, while ASPEM was assisted by Ubibanca.

Furthermore, the Related-Party Committee of ACSM-AGAM was assisted by Lazard as the financial advisor and by the firm Gatti, Pavesi, Bianchi as the legal advisor.

FOR INFORMATION

A2A
Media Relations
Giuseppe Mariano
Tel. 02 7720.4582 – 4583
ufficiostampa@a2a.eu
Investor Relations:
Tel.02 7720.3974
ir@a2a.eu
www.a2a.eu

ACSM AGAM
Investor Relator – Pamela Boggiani – Tel. 031 529.278 – investor@acsm-agam.it
General affairs – Nicola Colicchio – Tel. 031 529.201 – legale@acsm-agam.it
External relations and press office– Gian Pietro Elli – Tel. 031 529.272 –
ufficio.stampa@acsm-agam.it
https://www.acsm-agam.it

Lario Reti Holding – Communications Office
Matteo Grazioli
Tel. 0341 1927432
m.grazioli@larioreti.it
http://www.larioreti.it

AEVV
Francesco Conforti
Tel. 0342 533536
confortifrancesco@aevv.it
http://www.aevv.it