UPDATE ON MAJOR DISPUTES AND LITIGATION

TAX ISSUES

SAO TAX INSPECTION

In October 2008, the Revenue Agency notified the company with two notices of assessment which reassessed, inter alia, the tax reports for the tax years 2003 and 2004 with regard to the IRES tax. The alleged irregularities arise from the application of Article 14, paragraph 4-bis of Law n. 537 of 24 December 1993.
The appeals filed by the Company were merged by the Tax Commission of Terni which, in the month of May 2009, upheld the application for suspension filed by SAO and in November 2009 stayed the proceedings by raising the issue of the constitutionality of Article 14, paragraph 4 bis of Law n. 537 of 24 December 1993, upon which the tax assessment was based.
By decision of March 2011 the Constitutional Court dismissed the constitutionality issue and remanded the proceedings to the Tax Commission of Terni. In January 2013, the Commission upheld the appeals filed by SAO and ordered the Revenue Agency to pay 50% of the legal costs incurred by the Company.
By sentence 419/04/14 issued on 24 February 14, and deposited in July 2014, the Umbria Regional Tax Commission rejected the appeal submitted by the Revenue Agency ordering it to pay the expenses.

In addition to the above, in November 2008, the Revenue Agency notified the company, and the former Parent Company EnerTAD S.p.A., with a notice of assessment that reassessed the IRES tax due for the 2004 tax period, establishing an additional tax charge of 2.3 million euros for taxes, net of penalties, where applicable. The alleged irregularities arise from the application of Article 14, paragraph 4-bis of Law n. 537 of 24 December 1993.
SAO defense arguments were upheld by both the Provincial and the Regional Tax Commission. In February 2013, the Revenue Agency appealed to the Supreme Court and the company filed its appearance.

It is believed that the actions of the tax authorities mentioned above are illegitimate, and that the risk of having to pay the full amount is remote, which previous shareholder Enertad, now Erg Renew, will be obliged to pay on the basis of the guarantees issued as part of the purchase/sale agreement regarding the shares of the direct parent company A.R.I.A. S.r.l., formerly Tad Energia Ambiente S.p.A., reaffirmed by the recent award of the Board of Arbitrators.

For the sake of completeness, we also mention that in January 2009, the company challenged the decision ref. no. 2008/27753 of 27 November 2008 by which the Revenue Agency suspended the payment of a VAT refund claimed by the Company for the 2003 tax year. This refund amounting to 1.3 million euros, was recognized by the tax authorities, but it was suspended as a precautionary measure due to the above mentioned tax assessments. The Tax Commission, with Ruling issued following the hearing held in March 2010, upheld the appeal lodged by the company, thus cancelling the cited measure against the aforementioned ruling. The Revenue Agency submitted an appeal in September 2010. The proceedings are in progress. It should be noted that the receivable concerning the above VAT refund was sold for valuable consideration in July 2010. The buyer lodged an appeal, simultaneously requesting discussion at a public hearing for the cancellation of measure 73747/2011 by which the Terni Provincial Department of the Revenue Agency declared the sale of said VAT credit from SAO to said assignee to be unacceptable. By sentence no. 52/04/12 issued on 3 October 2011 and filed on 26 March 2012, the Perugia Regional Tax Commission rejected the appeal filed by the Tax Authorities, with reimbursement of costs. The Revenue Agency appealed to the Supreme Court and the company filed its appearance.

ARSE TAX INSPECTION

On 14 June 2012, a Report on Findings from the Italian Financial Police - Rome Tax Police Department was delivered to the Company, following the inspection to check the correct use of the tax suspension provisions under the VAT tax warehouse system pursuant to article 50-bis of Law Decree no. 331 of 30 August 1993 ("VAT Warehouses"), relating to certain assets imported by the company in 2009, 2010 and 2011.
Based on the alleged abusive use of the aforementioned system by the company, the inspectors charged the company with failure to pay VAT on imports - for 2009, 2010 and 2011 - amounting to 16,198,714.87 euros.
On 6 August 2012 the company submitted a defence brief pursuant to art. 12, paragraph 7, of Law n. 212 of 27 July 2000 concerning the findings contained in the aforementioned Report on Findings.
The issue relating to the concepts of simulated warehouses and the introduction of goods to the country is particularly well-known and debated, and has been the subject of numerous papers on practices issued by the Customs Authority and several cases of legal intervention.
The company considers that all the factual and legal conditions envisaged in the regulation on the use of VAT Warehouses, as interpreted by the relevant administrative bodies, were fully satisfied and therefore the aforementioned Report on Findings is without grounds.

With regard to VAT warehouses, please also note that, as concerns the particular case of the provision of services for the assets held at the VAT warehouses (case set forth in letter h) of art. 50-bis of Law Decree no. 331/1993), art. 34, paragraph 44 of Law Decree no. 179 of 18 October 2012 recently amended art. 16, paragraph 5-bis of Law Decree no. 185 of 29 November 2008 (on the authoritative interpretation of letter h) of art. 50-bis noted above) establishing, for that case, that VAT must be deemed definitively paid if, when the merchandise is taken from the VAT warehouse for marketing within the country, the regulations set forth in paragraph 6 of art. 50-bis of Law Decree 331/93 are correctly implemented, or the reverse charge procedures pursuant to art. 17, paragraph 2, of Presidential Decree no. 633 of 26 October 1972 are correctly applied.
This approach appears to be supported by Circular n. 16/D of 20 October 2014 issued by the Customs Agency following the decision of the Court of Justice of 17 July 2014 n. C-272/13.

GORI TAX INSPECTION

In 2011, the Revenue Agency carried out an inspection for the year 2008. At the end of the inspection, the inspectors charged the company with higher taxes payable for approximately 1 million euros (plus penalties and interest).
As a direct consequence of the tax inspection reported above, the company received: **(i)** a notice of findings in December 2012 relative to 2007 with which higher IRES corporate income taxes were charged for 3,902 thousand euros, IRAP regional tax for 2,816 thousand euros and VAT for 97 thousand euros. On 13 February 2013, the company submitted a request for tax settlement which was finalized in May involving payment of 1,249 thousand euros; **(ii)** a notice of assessment in the month of August 2013 for the year 2008, with which higher IRES and IRAP taxes were charged for 2,569 thousand euros and higher VAT for 570 thousand euros. The Company requested and obtained the payment by instalment of the sums assessed which amounted to 1,393 thousand euros; **(iii)** on 28 January 2014, an internal order of the Campania Regional Revenue Department announcing the opening of a general audit for the year 2010 and a targeted audit for the years 2011 and 2012.
The Company has requested implementation of the inspection report and payment by instalment of the sums assessed, totalling 2,970 thousand euros inclusive of fines and interest.

ARIA (FORMERLY EALL) TAX INSPECTION

On 17 February 2012, the Terni Tax Police Department of the Guardia di Finanza launched a general inspection (IRES, IRAP and VAT) against EALL for the years 2010/2011 until its merger

into ARIA. A request for the 2009 inspection to be extended to VAT was submitted during the course of the inspection.
On 26 April 2012, ARIA S.r.l., as incorporating company of EALL, was served a notice of findings report containing the following findings:

- deductions pursuant to Tremonti ter;
- undue deduction of VAT on the disposal of ash and waste.
- difetto di competenza su alcuni costi di manutenzione.

Regarding the first of these findings, the inspectors pointed out the incorrect calculation for 2009 of a negative income component, but at the same time recognised the amount due for 2010.
In March 2014, the Terni Revenue Agency notified tax assessment n. T3O0E0300073/2014 to the Company and the Parent Company ACEA for IRES amounting to 3,061 thousand euros (plus fines and interest) for the lack of time correspondence of the "Tremonti ter" deduction of the incorporated company EALL. In September 2014 the agreement to this assessment was signed and at the same time 448 thousand euros inclusive of the interest was paid.
Regarding the second finding, the inspectors charged the company with unlawful deduction in 2009, 2010 and 2011 of part of the VAT on services received for the disposal of ash and waste. In practice the company had received invoices indicating the standard VAT rate rather than the subsidised rate. Following the notification, which took place during the years 2012 and 2013, of the notices of assessment for VAT for the years 2009, 2010 and 2011, in 2013 the company paid the additional tax assessed and the related penalties, assessed on a reduced basis, for a total amount of 844 thousand euros.
With regard to the third finding, on 15 October 2014 the Terni Revenue Agency notified a tax assessment to the Company and the Parent Company for the amount of 54 thousand euros inclusive of fines. The Company paid the amount due within the required time.

ACEA DISTRIBUZIONE TAX INSPECTION

Following the general inspection undertaken on 19 December 2012, the tax authority served ACEA Distribuzione with a Report on Findings on 23 May 2013 The findings concern corporate income taxes (IRES), regional tax (IRAP) and VAT for a total of about 1.5 million euros. The same Report on Findings also identified irregularities for the years 2008-2012 concerning the tax treatment of certain items already identified as irregular and having a multi-year impact on the accounts.
On the basis of the report in the assessment, the Lazio Regional Revenue Department – Large Taxpayers' Office requested clarifications on the taxation treatment of these items for the fiscal years 2008 and 2009.
With reference al 2008 ACEA Distribuzione paid the sum of 56 thousand euros (plus fines and interest) in adherence to the assessment.
For the year 2009, the Lazio Regional Revenue Department notified assessment reports for excessive IRES and IRAP deductions for a taxable amount of 219 thousand euros and an excess VAT deduction of 163 thousand euros. On 19 February 2015 the Lazio Regional Revenue Department ordered the total annulment of the assessment for the IRES and IRAP items and the partial annulment of the VAT assessment.
On 20 February 2015 the Company presented an application of agreement to the VAT assessments still outstanding.

CUSTOMS INSPECTION OF VOGHERA ENERGIA VENDITA IN LIQUIDATION

On 20 August 2013, the Pavia Customs Office notified a report on findings to Voghera Energia Vendita which reported the missed declaration, and consequently, failure to pay excise duties and surcharges on electricity for the period 2008 - 2011 for a total amount of 12,532 thousand euros. The same report on findings also reported the failure to account for VAT on excise duty for an amount of 2,524 thousand euros.
On 4 October 2013, pursuant to art. 12 of Law 212/2000, the company filed its defense briefs, detailing the transactions carried out in the audited years and filing copious supporting documentation.
Despite the accurate reconstruction of billing operations provided in the brief, on 14 February 2014 the Customs Office served a notice of payment for non-payment of excise duties and surcharges on electricity for the periods ranging from 2008 to 2011 for a total of 10,931 thousand euros plus interest of 941 thousand euros and an order for the payment of administrative penalties (a total of approximately 25 million euros). These acts were annulled in as far as almost all sums are concerned as a consequence of the submission of a request for tax settlement which resulted in the payment of 124 thousand euros for 2008 on 16 April 2014.
On 9 September 2014 the Pavia Customs Office notified to Voghera Energia Vendita the start-up of assessment on the consumption declarations for the years 2009-2013, completed at the end of November 2014, calculating for the entire period examined a total amount of unpaid excise duties and surcharge of approximately 130 thousand euros, plus fines and interest of approximately 305 thousand euros which would be reduced to 134 thousand euros in the case of payment within 60 days from the issue of the fines.

KYKLOS TAX INSPECTION

On 20 March 2014 the Latina Tax Police Department of the Guardia di Finanza launched a general inspection (IRES, IRAP and VAT) against Kyklos for 2012 which concluded with the notification on 6 May 2014 of a Report on the following main findings:

- lack of the principle of time correspondence for the deduction of Directors' fees;
- non-deduction of leasing instalments;
- non-deduction of vehicle maintenance costs.

The total taxable amount subject to tax is 78 thousand euros for IRES; 38 thousand euros for IRAP; 5 thousand euros for VAT.

GESESA TAX INSPECTION

Following the tax inspection regarding the year 2009, the Checking Office of the Revenue Agency – Benevento Provincial Directorate notified two separate assessments:

- the assessment notified to Gesesa on 25 September 2014 for IRAP and VAT tax for an overall amount of 19 thousand euros;
- the assessment notified on 1 October 2014 both to Gesesa (as Group company) and to the Parent Company ACEA (as Parent Company) for the consolidated IRES for an overall amount of 117 thousand euros.

With regard to these assessments the companies presented applications for further checking with agreement, and the procedure closed with the signature of an agreement involving the payment of 30 thousand euros inclusive of fines and interest.

ACEA TAX INSPECTION

On 17 September 2014 the Revenue Agency – Lazio Regional Directorate – opened proceedings against ACEA with a general inspection (IRES, IRAP and VAT) for the year 2011, which ended on 23 December 2014 with the notification of an assessment containing a single claim regarding IRAP for a higher taxable amount of 207 thousand euros. On 19 January the Company communicated its agreement to the assessment.

CLAIMS/FISCAL DISPUTES RELATED TO ARSE

In the month of January 2015, 13 notices for adjustment and liquidation were notified to ARSE and Apollo – the company to which the photovoltaic plants built by ARSE were conferred, and sold to RTR Capital at the end of 2012. These notices regarded the assessment of a higher value, for purpose of register, mortgage and property registration taxes, compared to the amount declared at the time the right of superficies was established for some portions of land where the plant was constructed.
The acts signed substantially involve the extinguishing of the previous land rental contracts and at the same time the establishing of the right of superficies on the same portions of land. The Revenue Agency challenged the value declared in the acts, claiming that the object of these acts was the transfer not only of the real rights to the

land, but also of the ownership of the area of the photovoltaic plants. It is pointed out that this plant was constructed by ARSE, and therefore, at the time the right of superficies was established, it already owned the plant, which was later conferred upon Apollo.
The higher tax assessment on ARSE and Apollo, including fines and interest, totals around 9,500 thousand euros.
It is believed that there are well founded reasons, supported by authoritative opinions, to challenge the demands by the tax authorities both in the assumptions and, on a subordinate level, in the amounts.

OTHER ISSUES

ACEA ATO5 - TARIFFS

With reference to the appeal by the Area Authority dated 31 July 2013 for the annulment of the final report of 30 May 2013 by the Commissioner appointed for the purpose, we are currently awaiting the hearing to be scheduled. In any case, the Company, believing the measure to be valid and effective for all the effects of the law, also given the renunciation by the Area Authority of the cautionary application, has considered that the combined effects of Art. 31 and 32 Annexe A of AEEGSI Resolution 643/2013/R establishing the procedures for the recovery of the adjustments without authorization acts by the entity granting the concession to be definitely applicable to the case at hand for all the effects of the law. Therefore, starting from the month of July 2014, ACEA Ato5 has started the recovery of the amounts in question in twelve equal quarterly instalments, since the adjustments are acknowledged to take precedence over the guaranteed revenue limitation. This action has been jointly notified both to A.ATO 5 and the AEEGSI.

ACEA ATO5 – ORDER TO PAY FOR THE RECOVERY OF CREDIT DERIVING FROM THE 2007 SETTLEMENT AGREEMENT

With regard to the credit of 10.7 million euros for higher costs incurred in the period 2003 – 2005, referred to in the settlement agreement of 27 February 2007, on 14 March 2012 ACEA Ato5 made an application for an order to pay for the credit items acknowledged to the Company by the A.ATO.
The Frosinone Court, accepting the application, issued Order to pay n. 222/2012, immediately executive, which was notified to the Area Authority on 12 April 2012.
The AATO, with the act of 22 May, filed its opposition to the injunction, requesting its revocation and, on a cautionary basis, the suspension of its provisional execution. Moreover, by way of cross-claim, it filed a demand for payment of concession instalments for € 28,699,699.48.
ACEA Ato5 filed its appearance in this appeal against the order, opposing the demands made and on its part filing a counterclaim for the payment of the entire amount of higher costs incurred by the managing company and originally requested, totalling € 21,481,000.00.
After the hearing of 17 July 2012, the Judge deposited an order on 24 July for suspension of the provisional execution of the order to pay, postponing the discussion of the specific matter. The judge also rejected the application for issue of an order for payment of the concession instalments filed by the A.ATO.
During the hearing of 21 November 2014, the judge opened discussion on the applications made by the parties, setting the hearing for the conclusions for 17 June 2016.

GORI – LITIGATION FOR WATER SUPPLY: ARIN

A number of cases are pending between GORI and ARIN S.p.A. (now called Azienda Speciale ABC) regarding the cost of water supply provided for A.T.O. n. 3.
ABC operates in the territory of the Municipality of Naples, and is the special agency of the Municipality that has replaced ARIN S.p.A. The Municipality of Naples comes within the territory of A.T.O. n. 2 "Naples-Volturno" of the Campania Region.
On the basis of previous concessions, ABC utilises its own water supply sources (the Serino Aqueduct in A.T.O. n. 1 of the Campania Region, and the Casalnuovo wells in A.T.O. n. 2 of the Campania Region) and also purchased water from the Campania Regional authorities.
Currently, ABC directly supplies water on a wholesale basis to some Municipalities, GORI and the Region as well.
The dispute regards the fact that ABC applies to sub-suppliers a tariff approximately three times higher than the regional tariff; the regional tariff is 0.1821 €/m^3 while the ABC tariff is 0.47376 €/ m^3 (from 1 January 2013: 0.497922 €/m^3).
ABC should however charge wholesale water distributed in accordance with European and national standards (see the recent provisions in this are by the AEEGSI) of so-called "cost orientation", i.e. in order to exclusively recover only the "effective costs" incurred for water distribution also since ABC does not have the title to sell water on a wholesale level.
This incoherence is due to the fact that the law had not yet fixed the tariff for supplies between different areas (pertaining to the Campania Region and the Area Authorities). In this regard, it is pointed out that Art. 11 of Regional Law n. 14/1997 (law implementing the "Galli Law") states that: "Any *interference between the integrated water services of different A.T.O., with particular regard to the transfers of resources and the common use of infrastructures, are governed by specific agreements between the Area Authorities on the basis of the indications provided by the Regional Government*".
This situation obviously involves increased costs for the tariff of the Integrated Water Service of A.T.O. n. 3 with repercussions on the final users in the Municipalities falling within that A.T.O.
The above considerations were extensively communicated and discussed in a Service Conference summoned for this purpose by the Sarnese Vesuviano Area Authority, in the context of evaluation, following a specific technical enquiry, showing that the management costs of the water supply works are considerably lower than the tariff applied to ABC. It does not seem justifiable for the Municipality of Naples to set tariffs (applied by ARIN) affecting final users of other Municipalities and even of another A.T.O. (namely ATO n. 3). This is why the dispute is still under way between ABC (formerly ARIN S.p.A.) and GORI.
For these reasons GORI filed the following appeals **(i)** to the Campania Regional Administrative Court against the measures by which ABC, on the basis of AEEGSI resolutions n. 585/2012 and n. 88/2013, determined the new tariff applied to the sub-distributor and **(ii)** to the Lombardy Regional Administrative Court on the basis of AEEGSI Resolution n. 560/2013 in the part approving the tariffs that ABC applied for the year 2013.
We can consider the recent sentence n. 1343/15 issued by the Naples Court, rejecting the claim by the plaintiff ABC regarding the demand for payment of the water supply services for the Municipality of Camposano in the period from the 4th quarter 2007 to the 2nd quarter 2008.

GORI – DISPUTE WITH THE COMMISSIONER APPOINTED FOR THE SOCIAL-ECONOMIC-ENVIRONMENTAL EMERGENCY IN THE SARNO RIVER WATER BASIN

On 29 March 2011, the Appointed Commissioner for the social-economic-environmental emergency in the Sarno river water basin obtained injunction order no. 371/2011 issued by the Campania Regional Administrative Court (Naples), ordering the Area Authority and GORI - as jointly liable - to pay the sum of 5.5 million euros, plus accessory costs, to the Appointed Commissioner as sums due for their part of the loan for which they were deemed liable under the terms of the Memorandum of Understanding signed on 19 March 2004 between the appointed Commissioner, the Campania Regional Government, the Area Authority and GORI.
Though this was duly challenged, by sentence no. 6003 of 21 December 2011 the Campania

Regional Administrative Court (Naples) confirmed injunction order no. 371/2011.
Accordingly, the Area Authority and GORI filed an appeal before the Council of State, which on 24 April 2012 issued order no. 1620/12 which suspended the effects of the sentence challenged until a decision was made on the merits. Council of State sentence n. 2941 of 10 June 2014 overturned the decision by the Campania Regional Administrative Court and declared the termination of the Memorandum of Understanding pursuant to Art. 1467 of the Italian Civil Code for excessive costs.

GORI – DISPUTE AGAINST THE CAMPANIA REGIONAL GOVERNMENT FOR ANNULMENT OF REGIONAL COUNCIL RESOLUTION NO. 172/2013 - PART DEFINING THE METHODS FOR TRANSFERRING REGIONAL WORKS

GORI challenged Regional Council Resolution No. 172/2013, considering this way of transferring Regional Works to be prejudicial, as it does not allow for some fundamental and functional aspects for correct Integrated Water Service management such as the exact acknowledgement of the state of the Work also from a technical-management point of view (verification and examination of all relevant costs), which makes it impossible to enter the economic and financial data required to guarantee full coverage of operating costs for Regional Works, in the Area Plan's Economic-Financial Plan.
After the filing of the appeal, the Campania Region issued Regional Law n. 16/2014 under which, by the provisions of Art. 1, para. 88 to 91, wholly modified the procedures for the transfer of the works in the dispute, stating that these must be transferred under a "*single and provisional management*" for a period of 36 months to "*one or more bodies managing the Integrated Water Service among those operating in the optimal territorial areas of their jurisdiction*", to be identified by the Region itself within 30 days from the publication of the law. During the period of provisional management, an "*efficiency enhancement plan*", will be implemented by the signature of a specific agreement. This involves charges on the Region. Therefore, with the implementation of the provision, if GORI were to be identified as the provisional manager, it would undertake management with charges payable by the Region and not on its own account. Therefore, on 17 December 2014, the parties jointly requested an adjournment to a date to be set.

ARIA - AVOIDED FUEL COST (AFC)

In In a decree passed on 31 January 2014, published on 18 February 2014, the Ministry of Economic Development, establishing the value of the adjustment of the avoided cost of fuel component for 2013 and the advance payment for the first quarter of 2014, confirmed the application of the so-called "pre-chosen initiatives" for the Avoided Cost of Fuel updating criterion based on the "evolution of conversion efficiency" with reference to the specific consumption values in the Italian Ministerial Decree of 20 November 2012.
ARIA already filed an appeal for the annulment of the above-mentioned Italian Ministerial Decree of 20 November 2012, and the Italian Ministerial Decree of 24 April 2013 (respectively, on 24 January 2013 and 16 July 2013). In an appeal filed for additional grounds on 4 October 2013, the question of constitutionality was also brought up for art. 5, paragraphs 3 and 4, of Italian Legislative Decree No. 69 - 21 June 2013, converted into Italian Law No. 98 - 9 August 2013, for the part that attributes legal value to the provisions of the Italian Ministerial Decree of 20 November 2012. Therefore, as the Italian Ministerial Decree of 31 January 2014, with reference to the parameter of the "specific consumption values" in the Italian Ministerial Decree of 20 November 2012, changed the same profiles of legitimacy that ARIA considered prejudicial, analytically referred to in the introductory appeal, ARIA also lodged an appeal based on additional grounds with the Lazio Regional Administrative Court for annulment of the Ministerial Decree of 31 January 2014.

E.ON. PRODUZIONE S.P.A. PROCEEDINGS AGAINST ACEA, ACEA ATO2 AND ACEAELECTRABEL PRODUZIONE

These proceedings were launched by E.ON. Produzione S.p.A., as successor to ENEL regarding a number of concessions for the abstraction of public water from the Peschiera water sources for electricity production, to obtain an order against the jointly and severally liable defendants (ACEA, ACEA Ato2 and AceaElectrabel Produzione) for payment of the subtension indemnity (or compensation for damages incurred due to illegitimate subtension), which remained frozen in respect of that defendant in the 1980s, amounting to 48.8 million euros (plus the sums due for 2008 and later) or alternatively payment of the sum of 36.2 million euros.
As for the deposit with the TRAP (Regional Court of Public Waters), having jurisdiction regarding the matter in question, of the opinion of the court-appointed expert on the values of subtension for branching off, and subsequent reduction in hydroelectric production and indemnities due, the judge adjourned the matter to the 3 October 2013 hearing, when memorials were deposited concerning partial payments of the instalments not yet paid. At the hearing of 9 January 2014 the case was further adjourned.
The expert's report shows a calculation according to which the claims actioned in the proceedings, even when unfounded - which is unclear, because the documents containing the metering parameters of the compensation are still deemed to be applicable and effective - would be greatly altered, substantially reducing the amount of equalisation already estimated by the Group.
On 3 May 2014 the TRAP (Regional Court of Public Waters), in Sentence No. 14/14, quashed E.ON.'s applications ruling that the 1985 agreements are still valid, considering the application to be limited to the 'subtension price', ruling however that relevant to the measurement of adjustments to be inadmissible.
E.ON was ordered to pay 32,000.00 euros court costs plus accessory charges and Court appointed expert fees.
On 23 June 2014 E.ON filed an appeal with the Higher Court of Public Waters, the first hearing of which will be held on 1 October 2014. After subsequent postponements, at the hearing of 14 January 2015, the case was referred to the collegial hearing of 10 May 2015 and also includes the decision on the request by E.ON to renew the expert opinion.

ACEA/SASI PROCEEDINGS

In ruling 6/10, TRAP (Regional Court of Public Waters) accepted the request submitted by ACEA against the Società Abruzzese per il Servizio Integrato S.p.A. (SASI) for the compensation of damages for the illegitimate withdrawal of water from the Verde river. ACEA was awarded 9 million euros, plus interest accrued from 14 June 2001 until 30 July 2013 in compensation for damages. The sentence, which is not temporarily executive, was appealed by SASI before the TSAP (Higher Court for Public Waters) and ACEA filed a counterclaim. In non-definitive judgement No. 117/13 on 11/06/13 the TSAP, upholding one of the reasons for appeal, adjourned the proceedings appointing a court-appointed expert to estimate the damages suffered by ACEA in the period 2010/2013. The TSAP set the hearing for 23 October 2013, then adjourned the proceedings until 27 November 2013. At this hearing the same court-appointed expert from the first instance was assigned to the case which was adjourned until 14 May 2014 for the court-appointed expert's findings. The Court appointed expert's assessment reduced the amount due by SASI to 6 million euros, and at the hearing of 28 January 2015, the higher court rejected the application made by the counterparty to request clarifications from the expert, with the case being adjourned for the sentence to 27 May 2015.

A.S.A. – ACEA SERVIZI ACQUA - SMECO

By the summons notified in autumn 2011, ACEA was summoned to court to respond to the presumed damages that its even more strongly

alleged non-compliance with unproven and inexistent obligations which are assumed to have been adopted under the shareholders' agreement relating to subsidiary A.S.A. – Acea Servizi Acqua – would have produced for minority shareholders of the latter, and their respective shareholders.
The *claim* is over 10 million euros.
The judge upheld SMECO's claim and appointed a court-appointed accountant to calculate the costs borne, loss of profit and any payable fees by effect of the seller's option in the shareholders' agreements.
At the hearing on 11 February 2014, which was held to discuss the comments on the expert report, the Judge granted the parties time to comment on the Court Expert Report and summoned the Expert for clarification at the hearing on 20 March 2014.
Following the above-mentioned comments, the Delegated Judge, at the hearing of 20 March 2014 issued a decision, substantially admitting the pleadings of the defence and of ACEA's appointed expert and adjourned the case to the hearing on 1 July 2014, in order to better define, jointly with the parties and the party's appointed expert, the documentation to be acquired from Acea Ato 2 and proceed to supplement the Court Expert Report. During the hearing on 1 July 2014, the new Judge reserved a decision on the request for additional consultancy. This application was then rejected by an order issued outside the hearing. On 20 January 2015 the hearing of the case was further adjourned.

SORICAL DISPUTE

At the end of 2010, the subsidiary Acea Energia (AE) was awarded a tender for the supply of electricity on the free market in favour of Sorical, a mixed public-private company that manages the wholesale water supply in the Calabria Region. The contract was regularly executed by AE, while the customer immediately began to accumulate conspicuous overdue payments, enough to cause AE to reschedule the debt already in summer 2011. Additional, subsequent payment delays led to the negotiation of a new repayment agreement, at the end of 2011, which was then repudiated by Sorical. Indeed, with evident self-serving and delaying purposes, that company called AE before the court to have it sentenced for alleged supply irregularities.
AE appeared before the court and made a counterclaim for the balance of amounts billed and unpaid, totalling roughly 24 million euros, plus interest and accessory costs pursuant to the law. The judge issued an injunction order in accordance with art. 186 of the Code of Civil Procedure, by writ of execution, in favour of AE for approximately 8 million euros, plus costs and interest, which went unchallenged, pending the continuation of the proceedings adjourned to March 2014 for the presentation of closing statements. Following this hearing, after the term for presentation of the defensive memoranda, the Judge should pass sentence before the end of the year. The hearing was adjourned to 21 November 2014.
In the meantime, AE disconnected its supply to Sorical, and the latter was placed under the regime subject to additional safeguards, while its shareholders resolved on its placement in liquidation and, on 30 May 2013, filed an application for settlement under Italian Bankruptcy law for the reorganisation, rather than liquidation, of distressed and failing businesses, which it formally waived in December 2013 requesting application of the ordinary procedure.
A debt restructuring agreement was signed between AE, Sorical and the other creditors with entitlement, pursuant to Art. 182 *bis* of Royal Decree 267/42, under which Sorical agreed to pay to AE the sum of 17,698,774.00 euros. The agreement, deposited in the court, came into effect and Sorical has started to pay the amounts due. Among other things, the agreement involves the partial waiver of receivables by AE (30%) and the renunciation of the case pending and of the eventual judiciary titles obtained against Sorical that might come into effect after the collection of the full agreed amount of 17.7 million euros. It is pointed out that as of now the entire amount due has been fully collected.

VOLTEO ENERGIE PROCEEDINGS

ARSE has applied for an order of payment against Volteo Energie, to which photovoltaic panels were supplied and only partially paid. The remaining amount due is approximately 2 million euros.
The counterparty has opposed the order notified, and has advanced claims of compensation for alleged production defects in the supply. While the lawsuit continued – while recalling that any claims for defects in the panels can be transferred to the manufacturer – under the order dated 12 February 2013, the Court granted provisional execution to the order of payment for the sum of € 1,283,248,02 plus interest and expenses (reserving the decision on the remaining 654,136.66 euros to the final outcome of the case).
After setting of the injunction amount at 1,347,787.38 euros, Volteo proposed payment of the amount due on an instalments basis.
Up to now it has paid the full amount stated in the order of payment, i.e. 1,347,787.38 euros.
The case is continuing for the assessment of the amounts due to ARSE and not covered by the provisional execution, and to examine the application by Volteo to obtain the recognition of the penalty and damages. The case was adjourned to the hearing of 21 October 2014 in order to hear the witnesses, and then the eventual allowance of the court-appointed expert; the parties were unable to reach a friendly settlement on the issue. After the rejection of the allowance of the of the court-appointed expert, the case was adjourned for the decision to the hearing of 5 July 2016.

MILANO '90 DISPUTE

The issue involves the failure by Milano '90 to pay the sum of 5 million euros, due as the balance of the price of the sale of the area in the Municipality of Rome with access from Via Laurentina n. 555, completed on 28 February 2007 and with subsequent additional act of 5 November 2008. Under the additional act, the parties agreed to modify the amount from 18 million euros to 23 million euros, while at the same time eliminating the earn out, and setting the final payment deadline for 31 March 2009.
Given the failure of the purchaser to act, the procedure was started to recover the amounts due by the issue of an order to desist against Milano '90, and then by the deposit of an application of an order of payment, which was granted in a provisionally executive form on 28 June 2012.
The aforesaid order of payment was then notified on 3 September 2012, and on 23 November the distraint by third parties for the enforced collection of the payment requested was delivered to the Court Officer.
The appeal by Milano '90 against the order of payment is now pending before the X Section of the Rome Court. In the context of the lawsuit, further proceedings were undertaken pursuant to Art. 649 Civil Proceedings Code for the suspension of the provisional execution of the contested order of payment; this application was accepted by the judge.
The executive proceedings started after the provisional execution of the order, suspended up to now, were also undertaken.
At the hearing of 13 March 2014, the judge reserved the right to respond to the request for investigative findings.
By on order dated 7 April 2014, the same judge, deeming it necessary to have a technical investigation to assess the town-planning status of the property and to allow for witness testimony by ACEA, adjourned the case to the hearing of 18 December 2014 to hear the witnesses and to appoint the court expert. The investigating judge also ordered ACEA to deliver the documentation requested by the other party.
The court-appointed expert was asked to respond to questions regarding the town-planning status of the area at the time of the sale and the construction volume that can be built there. The case was then adjourned to 22 October 2015 for the deposit of the court-appointed expert opinion, which is currently being completed.

TRIFOGLIO DISPUTE

The complex dispute consists of a case filed as a plaintiff and also a case appearing as a defendant.
Case filed as a plaintiff: this issue concerns the breach by Trifoglio of its obligation to pay the balance of the amount due (10.3 million euros), pursuant to the sale contract regarding the so-called Autoparco property, which should have been paid on 22 December 2011.
In consideration of Trifoglio's breach, a notice was served aimed at signing a deed to voluntarily terminate the sale agreement of 22 December 2010, and then to file a claim before the Court of Rome, pursuant to art. 702-bis of the Code of Civil Procedure. The hearing for the appearance of the parties before the court set for 13 November 2012 was postponed to 30 April 2013 following Trifoglio's call of a third-party to appear before the court (Piano Assetto C9 Stazione Ostiense Consortium).
In the meantime, ATAC Patrimonio filed a claim for the termination of the sale agreement of 22 December 2010 for the portion for which it is responsible.
After changing the proceedings from summary to ordinary, the Court adjourned the case to 7 may 2014 for admission of evidence, specifying 14 January 2014 as the limit for presentation of the defensive memoranda in accordance with art. 183 VI of the Italian Code of Civil Procedure.
Together with the submission of briefs pursuant to art. 183 no. 1 of the Italian Code of Civil Procedure, a new defence counsel for Trifoglio filed its appearance in the proceedings that charged ACEA for a new breach on account of the alleged impossibility to complete the development of the area covered by the sale agreement.
The hearing was postponed to 14 October 2014 for joinder of proceedings with another case which has the same subject filed by ATAC Patrimonio and for the possible joinder of proceedings with the case filed by Trifoglio see ***below***.
Case appearing as a defendant: in addition a new summons by Trifoglio was acknowledged, again concerning the deed of sale and aimed at having it declared null and void. In the summons, Trifoglio requested joinder with the proceedings instituted by ACEA, in addition to requesting the admission of an expert opinion. The summons, served also to ATAC Patrimonio as well as ACEA, contains a claim for compensation of approximately 20 million euros in damages.
Within the scope of the memoranda in accordance with art. 183 No. 2 of the Code of Civil Procedure, the counterparty requested the admission of the Expert's opinion substantially to assess the possibility of proceeding with the development of the area.
At the hearing held on 27 May 2014 to discuss the summons filed by Trifoglio, the case was remanded to the District Presiding Judge who ruled the proceedings be readmitted to the Judge who heard the case brought by ACEA, as the cases are related. As matters stand, the questions raised by the opposing party appear to be groundless.

The lawsuits have been combined before the judge before whom the case was being heart with ACEA as a plaintiff, and both cases were adjourned to the hearing of 7 April 2015 after the reformulation of the questions posed to the court-appointed expert. The consultancy is currently being undertaken.

KUADRA DISPUTE

Within the scope of the Kuadra S.r.l. dispute against the subsidiary Marco Polo S.r.l. in liquidation for alleged breach of contract related to participation in the Temporary Grouping of Companies for the CONSIP order, lawsuits were also filed against the same Kuadra S.r.l. and the partners of Marco Polo (therefore: ACEA, AMA and EUR) as well as Roma Capitale.
This summons was filed by the counterparty on the basis that Marco Polo was under the management and coordination of all direct and indirect Shareholders.
ACEA holds that, also in consideration of the generic nature of Kuadra S.r.l.'s reasoning attributing responsibility to the Shareholders of Marco Polo S.r.l. in liquidation, the risk of an unfavourable ruling is considered remote, while the indirect risk as a Marco Polo Shareholder, has already been considered in the assessment of risks with the subsidiary.
The case was postponed to 19 January 2016 for the decision.

PROVINCE OF RIETI DISPUTE

The Province of Rieti has notified a summons to ACEA and ACEA Ato2 requesting the payment of damages (under various titles) allegedly incurred to to the failure to approve the agreement on so-called inter-area overlapping.
The other parties summoned in the lawsuit, together with ad ACEA and ACEA Ato2, are the Province of Roma, the ATO2 Central Lazio Rome Area Authority, Roma Capitale and the Lazio Region.
The amount of this litigation is high: currently at approximately 90 million euros (25 million euros up to 31 December 2005 and 8 million euros annually for the subsequent period), but the formulation of the defensive arguments, above all regarding ACEA, is rather weak. First of all, the identification of the judge have jurisdiction can be criticised: the ordinary court instead of the Regional Court of Public Waters; then there is the liability for compensation due to the delay in the approval of the agreement on overlapping, definitely not attributable to ACEA since it was not due to the conduct of the company.
The initial hearing is scheduled for 21 April 2015, which could also be changed due to the role of the judge assigned to the case.

ENEL GREEN POWER

On 4 September 2014 Enel Green Power (EGP) requested to ACEA Ato2 the payment of the amounts due for the adjustment of the "subtention price" for branching off for hydroelectric and drinking purposes of the "Le Capore" springs, quantified for the period 2009 - 2013 at approximately 17 million euros (excluding VAT), claiming the actualisation of the 1985 ACEA-ENEL agreements and applying as calculation criteria the Single National Price (instead of the "price of HV energy for resale in the Municipality of Rome" provided for in those agreements).
The claim was immediately challenged, citing the jurisprudence arising in the E.ON. case involving the same subject of dispute, and established by the Regional Court of Public Waters with the rejection of the claim on the relevance of the agreed price and the absence of any automatic integration mechanisms in the agreement.
The invoice regarding the requested fee update was therefore returned to EGP, with total rejection of the economic claims quantified unilaterally and illegally.
Up to now EGP has not reacted and has not served notice on ACEA Ato2, probably awaiting the decisions by the higher court in the lawsuit involving E.ON., ACEA, ACEA Ato2 and Acea Produzione.

It is pointed out that after the end of the year:

- the former Chairman of ACEA has filed an application to the Rome Civil Court, Labour Section, with requests for compensation and payment of damages;
- by the note received on 19 March, Roma Capitale, asserting alleged lacking in authorisation, communicated to ARSE the start-up of procedures pursuant to Art. 7 and 8 of Law 241/1990, for the issue of the acts necessary for the recovery of the land, located in the Parco della Mistica, on which a photovoltaic plant for greenhouse cultivation was constructed.