SEMIANNUAL REPORT
at June 30, 2013

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This document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version.

REPORT ON OPERATIONS
at June 30, 2013

Edison Today

Edison is one of Italy's top energy operators. It produces, imports and sells electric power and hydrocarbon products (natural gas and oil).

ELECTRIC POWER

Italian Market in 2013 (First half)			Facilities and Production Capacity in 2013 (First half)		
Total Italian gross demand	***155.7***	***TWh***	Edison's installed capacity	***7.7***	***'000 MW***
Edison's gross sales in Italy (*)	***27.1***	***TWh***	Net production of electric power – Total Italy	***135.7***	***TWh***
incl.: - Deregulated market (*)	26.5	*TWh*	Net production of electric power – Edison	***9.1***	***TWh***
- CIP 6/92	0.2	*TWh*	Share of total Italian production	***6.7***	***%***
- Captive	0.5	*TWh*			

(*) Including Power Exchange sales and sales to wholesalers, but excluding exports.

Sources: Pre-closing data by Terna and Edison estimated data.

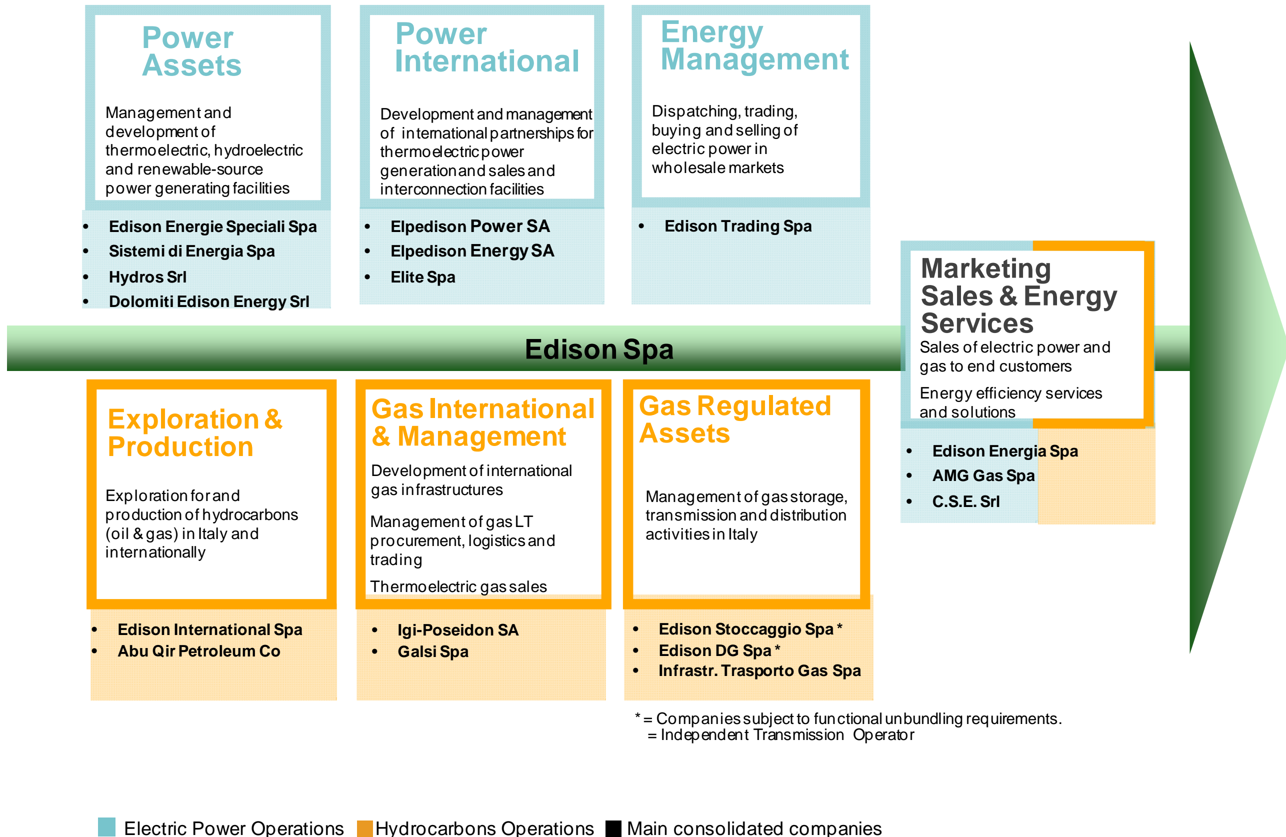
HYDROCARBONS

Italian Market in 2013 (First half)			Facilities and Production Capacity in 2013 (First half)		
Total Italian demand	***38.1***	***Bill. m^3***	Natural gas production – Total Italy	***3.7***	***Bill. m^3***
Edison's sales in Italy	***8.0***	***Bill. m^3***	Natural gas production – Edison (Italy)	***0.2***	***Bill. m^3***
Edison's sales/Total Italian demand	***21.0***	***%***	Share of total production	***6.2***	***%***
			Number of concessions and permits in Italy	***58***	
			Number of storage-center concessions in Italy	***3***	
			Natural gas production – Edison (international)	***0.9***	***Bill. m^3***
			Number of concessions and permits outside Italy	***46***	
			Gas transmission network (low- and medium-pressure pipelines)	***3.56***	***'000/ km***
			Gas transmission network (high-pressure pipelines)	***0.08***	***'000/ km***

Sources: Pre-closing data by the Ministry of Economic Development and Edison estimated data.

Simplified Structure of the Group at June 30, 2013

Organization and Activities of the Divisions, Business Units and Main Consolidated Companies



(1) – Edison Spa, working through its Divisions, Business Units and Corporate Activities, is directly engaged in the production of electric power from hydroelectric and thermoelectric power plants, and produces, imports and distributes hydrocarbon products.

Board of Directors, Statutory Auditors and Independent Auditors

Board of Directors [1]

Chairman		Henri Proglio
Chief Executive Officer		Bruno Lescoeur
Directors		Béatrice Bigois [2]
	Independent Director	Paolo Di Benedetto [3]
		Philippe Esper
	Independent Director	Gian Maria Gros-Pietro [4]
		Pierre Lederer
		Denis Lépée
		Jorge Mora
		Thomas Piquemal [5]
	Independent Director	Nathalie Tocci [6]
		Nicole Verdier-Naves [7]

Secretary to the Board of Directors — Lucrezia Geraci

Board of Statutory Auditors

Chairman	Alfredo Fossati [8]
Statutory Auditors	Giuseppe Cagliero [9]
	Leonello Schinasi [8]

Independent Auditors [10] — Deloitte & Touche Spa

(1) Elected by the Shareholders' Meeting of March 22, 2013 for a three-year period ending with the Shareholders' Meeting convened to approve the 2015 annual financial statements.
(2) Chairman of the Control and Risk Committee.
(3) Chairman of the Compensation Committee and member of the Control and Risk Committee, the Committee of Independent Directors and the Oversight Board.
(4) Chairman of the Committee of Independent Directors, Lead Independent Director and member of the Control and Risk Committee, the Compensation Committee and the Oversight Board.
(5) Member of the Control and Risk Committee.
(6) Member of the Compensation Committee and the Committee of Independent Directors.
(7) Member of the Compensation Committee.
(8) Elected by the Shareholders' Meeting of April 26, 2011 for a three-year period ending with the Shareholders' Meeting convened to approve the 2013 annual financial statements.
(9) Appointed as a replacement Statutory Auditor on May 24, 2012, with appointment confirmed by the Shareholders' Meeting of March 22, 2013 for a one-year period ending with the approval of the 2013 annual financial statements.
(10) Audit assignment awarded by the Shareholders' Meeting of April 26, 2011 for the nine-year period from 2011 to 2019.

Information About the Company's Securities

Number of shares at June 30, 2013

Common shares	5,181,545,824
Savings shares	110,154,847

Shareholders with Significant Holdings at June 30, 2013

	% of voting rights	% interest held
EDF Eléctricité de France Sa [1]	99.476%	97.405%

(1) Held indirectly.

Key Events

Growing Our Business

Edison is Awarded Two New Hydrocarbon Exploration Licenses in Norway

On January 16, 2013, Edison, through its Edison International Spa subsidiary, was awarded two new hydrocarbon exploration and production licenses in the Norwegian Continental Shelf, which were put out for bids by the Norwegian Oil and Energy Ministry. The awarded licenses, both in the Norway Sea, are for Blocks 6608/4 and 6608/7, with Edison at 30% in a joint venture with OMV at 40%, North Energy at 15% and Skagen 44 at 15%, and for Blocks 6509/3, 6510/1 and 6510/2, with Edison at 30% in a joint venture with Repsol at 40% and Skagen 44 at 30%.

The license allow a three-year period for surveys, at the end of which the partners will have to decide whether to proceed with drilling or relinquish the license, under the "drill or drop" provision.

Edison: Conclusion of the Price Revision Arbitration for the Contract with Sonatrach to Supply Natural Gas from Algeria

On April 23, 2013, the Court of Arbitration of the International Chamber of Commerce (ICC) handed down its award in the price revision arbitration for the long-term contract between Edison and Sonatrach for the supply of natural gas from Algeria.

The Court of Arbitration found Edison's request for price revision to be valid in respect both to form and substance. The price reduction determined by the Court will have an overall impact on Edison's EBITDA estimated at about 300 million euros, based on the volumes imported during the year.

The Sonatrach arbitration was activated in August 2011 as part of the process of renegotiating long-term gas contracts in the Group's portfolio.

Edison: Revision of the Long-term Contracts to Supply of Natural Gas from Qatar

A further commercial agreement renegotiating the long-term contract to supply natural gas from Qatar was signed at the end of July 2013.

Edison Strengthens Its Presence in Norway and is Awarded Four New Hydrocarbon Exploration Licenses in the Barents Sea

On June 16, 2013, Edison, through its Edison International Spa subsidiary, was awarded four new hydrocarbon exploration and production licenses in the Norwegian Continental Shelf, which were put out for bids by the Norwegian Oil and Energy Ministry. The awarded licenses, all in the Barents Sea, are for Block PL707 (Seiland W) with Edison operator at 50% in a joint venture with PGNiG at 30% and North Energy at 20%; Block PL708 (Seiland E) with Edison at 20% in a joint venture with Lundin, operator at 40%, LUKOIL at 20% and North Energy at 20%; Block PL713 (Eldorado) with Edison at 20% in a joint venture with Statoil, operator at 40%, Rosneft at 20% and North Energy at 20%; and Block PL717 (Alke) with Edison at 20% in a joint venture with ENI, operator at 40%, Statoil at 20% and Rocksource at 20%.

Three license allow a three-year period for surveys and seismic mapping, at the end of which the partners will have to decide whether to proceed with drilling or relinquish the license, under the "drill or drop" provision. The license for Block PL713 entails a commitment to drill an exploratory well.

Other Key Events

Edison Signed Agreements for Two Intercompany Facilities to Refinance an Expiring 1,500-million euro Credit Line

On April 9, 2013, Edison Spa signed agreements for two intercompany facilities, which it drew down the following April 11, to refinance an expiring syndicated, standby credit line of 1,500 million euros.

The first loan, provided by EDF IG SA, is for 800 million euros and has a duration of seven years; the second loan, provided by EDF SA, amounts to 600 million euros and has a duration of two years. Both facilities were secured on competitive terms, in line with those available in the market to a company with Edison's credit rating.

These facilities represent the preponderant portion of a structured refinancing plan that can offer Edison an efficient coverage both of its long-term operating requirements and its short-term needs, while enabling it to maintain an adequate level of financial flexibility.

Significant Events Occurring After June 30, 2013

Information about events occurring after the end of the six-month period covered by this Report is provided in the section of the Condensed Consolidated Semiannual Financial Statements entitled "Significant Events Occurring After June 30, 2013."

Financial Highlights – Focus on Results

In order to help the reader obtain a better understanding of the Group's operating and financial performance, the tables below contain alternative performance indicators that are not included among those provided in the IFRS accounting principles. The methods used to compute these indicators, consistent with the guidelines of the Committee of European Securities Regulators (CESR), are described in the footnotes to the tables.

Edison Group

2012 full year (*)	(in millions of euros)	First half 2013	First half 2012 (*)	% change
12,014	Sales revenues	6,248	5,809	*7.6%*
1,103	EBITDA	670	301	*n.m.*
9.2%	*as a % of sales revenues*	*10.7%*	*5.2%*	
229	EBIT	355	(50)	*n.m.*
1.9%	*as a % of sales revenues*	*5.7%*	*n.m.*	
36	Profit (Loss) from continuing operations	145	(100)	*n.m.*
50	Profit (Loss) from discontinued operations	-	50	*(100.0%)*
81	Group interest in net profit (loss)	152	(49)	*n.m.*
343	Capital expenditures of continuing operations	83	157	*(47.1%)*
116	Investments in exploration	28	56	*(50.0%)*
9,800	Net invested capital (A + B)[1]	10.136	10,285	*3.4%*
2,613	Net financial debt (A)[1] [2]	2,852	3,189	*9.1%*
7,187	Total shareholders' equity (B)[1]	7,284	7,096	*1.3%*
7,055	Shareholders' equity attributable to the shareholders of the controlling company [1]	7,166	6,955	*1.6%*
2.25%	ROI [3]	7.30%	n.m.	
1.15%	ROE [4]	4.28%	n.m.	
0.36	Debt / Equity ratio (A/B)	0.39	0.45	
27%	Gearing (A/A+B)	28%	31%	
3,248	Number of employees [1][5]	3,252	3,245	*0.1%*

(1) End-of-period data. The changes are computed against the data at December 31, 2012.
(2) A breakdown of this item is provided in the "Net Financial Debt" section of the Notes to the Condensed Consolidated Semiannual Financial Statements.
(3) Annualized EBIT/Average net invested capital of continuing operations.
Net invested capital of continuing operations does not include the value of equity investments held as non-current assets and is computed as the arithmetic average of net invested capital at the end of the period and at the end of the previous year.
(4) Annualized Group interest in net profit/Average shareholders' equity attributable to the shareholders of the controlling company.
Average shareholders' equity is the arithmetic average of the shareholders' equity at the end of the period and at the end of the previous year.
(5) Companies consolidated line by line and Group interest in companies consolidated by the proportional method.
(*) The amounts for 2012 reflect the adoption IAS 19 *Revised.*

Edison Spa

2012 full year (*)	(in millions of euros)	First half 2013	First half 2012 (*)	% change
6,433	Sales revenues	2,925	3,341	*(12.5%)*
336	EBITDA	161	(70)	*n.m.*
5.2%	*as a % of sales revenues*	*5.5%*	*n.m.*	
(108)	EBIT	70	(242)	-
n.m.	*as a % of sales revenues*	*2.4%*	*n.m.*	
(25)	Profit (Loss) from continuing operations	102	(111)	*n.m.*
81	Profit (Loss) from discontinued operations	-	80	*(100.0%)*
56	Net profit (loss)	102	(31)	*n.m.*
100	Capital expenditures	45	118	*(61.9%)*
6,572	Net invested capital	6,840	7,361	*4.1%*
626	Net financial debt	819	1,492	*30.8%*
5,946	Shareholders' equity	6,021	5,869	*1.3%*
0.11	Debt/Equity ratio	0.14	0.25	
1,587	Number of employees	1,574	1,597	*(0.8%)*

(*) The amounts for 2012 reflect the adoption IAS 19 *Revised.*

Sales Revenues and EBITDA by Business Segment

2012 full year(*)	(in millions of euros)	First half 2013	First half 2012 (*)	% change
	Electric Power Operations (1)			
6,961	Sales revenues	3,631	3,217	*12.9%*
605	Reported EBITDA	358	255	*40.4%*
583	Adjusted EBITDA (**)	369	239	*54.4%*
	Hydrocarbons Operations (1)			
6,571	Sales revenues	3,047	3,391	*(10.1%)*
608	Reported EBITDA	360	99	*n.m.*
630	Adjusted EBITDA (**)	349	115	*n.m.*
	Corporate Activities and Other Segments (2)			
48	Sales revenues	24	25	*(4.0%)*
(110)	EBITDA	(48)	(53)	*9.4%*
	Eliminations			
(1,566)	Sales revenues	(454)	(824)	*44.9%*
	EBITDA			
	Edison Group			
12,014	**Sales revenues**	**6,248**	**5,809**	***7.6%***
1,103	**EBITDA**	**670**	**301**	***n.m.***
9.2%	***as a % of sales revenues***	***10.7%***	***5.2%***	

(1) See the Simplified Structure of the Group on page 5.
(2) Includes those operations of Edison Spa, the Group's Parent Company, that engage in activities that are not industrial in nature and certain holding companies and real estate companies.

(*) The amounts for 2012 reflect the adoption IAS 19 *Revised*.

(**) Adjusted EBITDA reflect the effect of the reclassification from the Hydrocarbons Operations to the Electric Power Operations of the portion attributable to the Electric Power Operations of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas.
This reclassification is being made to allow a better operational presentation of the Group's industrial results.
Adjusted EBITDA are not verified by the Independent Auditors.

Performance and Results of the Group in the First Half of 2013

Operating Performance

In the first half of 2013, sales revenues grew to 6,248 million euros, or 7.6% more than in the same period last year.
At the individual sector level, revenues were up 12.9% for the Electric Power Operations, due mainly to an increase in sales volumes, but decreased by 10.1% for the Hydrocarbons Operations as a result of lower average sale prices that reflected trends in the benchmark scenario.

EBITDA totaled 670 million euros, or 369 million euros more than in the first half of 2012 (301 million euros).
This increase is the net result of the following items:

- A strong gain in the adjusted EBITDA[(1)] of the Hydrocarbons Operations (+234 million euros), which continued to benefit from the significant contribution provided by the Exploration and Production activities and the positive impact of the revisions of the long-term contracts to supply natural gas from Algeria and Qatar.
- A significant improvement in the adjusted EBITDA[(1)] of the Electric Power Operations (+130 million euros), attributable mainly to an outstanding performance in optimizing the management of the facilities portfolio.

For a more detailed analysis of the performance in the first half of 2013, please see the comments in the section of this Report entitled "Performance of the Group's Businesses."

EBIT, positive by 355 million euros, reflect, in addition to the factors mentioned above, depreciation and amortization and writedowns totaling 297 million euros and a net negative change in the fair value of derivatives (commodities and foreign exchange) of 18 million euros (positive change of 5 million euros in the first half of 2012). Depreciation and amortization and writedowns of non-current assets decreased by 59 million euros mainly as a result of lower investments in exploration in the first six months of 2013 and a reduction in depreciation that reflects the writedowns recognized in 2012.
The writedowns of property, plants and equipment of the first half of 2013, totaling 46 million euros, reflected the result of an impairment test performed for a thermoelectric power plant after a contract to supply steam was cancelled by a customer.

The net result from continuing operations, which is after net financial expense of 41 million euros and additions to provisions for environmental risks related to non-core assets totaling 20 million euros, totaled 145 million euros (loss of 100 million euros in the first half of 2012).

At June 30, 2013, net financial debt amounted to 2,852 million euros (3,189 at June 30, 2012). The increase of 239 million euros compared with the 2,613 million euros owed at December 31, 2012 is due to a change

(1) See note on page 10.

in operating working capital that reflects the uncollected receivables generated by the revision of long-term gas contracts.

More detailed information about the individual components of this item is provided in the "Net Financial Debt" section of the Condensed Consolidated Semiannual Financial Statements.

The table below shows a breakdown of the changes that occurred in net financial debt:

2012 full year	(in millions of euros)	First half 2013	First half 2012
(3,884)	**A. NET FINANCIAL (DEBT) AT BEGINNING OF THE PERIOD**	**(2,613)**	**(3,884)**
1,103	EBITDA	670	301
(294)	Change in operating working capital	(291)	(534)
(190)	Income taxes paid (-)	(67)	(90)
46	Change in other assets (liabilities)	(384)	44
665	**B. CASH FLOW FROM OPERATING ACTIVITIES**	**(72)**	**(279)**
(459)	Investments in property, plant and equipment and intangibles (-)	(111)	(213)
-	Investments in non-current financial assets (-)	-	-
(2)	Acquisition price of business combinations (-)	-	-
690	Proceeds from the sale of property, plant and equipment, intangibles and non-current financial assets	-	688
550	Repayment of shareholder loan	-	550
8	Capital distributions from equity investments	2	3
3	Dividends received	3	2
1,455	**C. FREE CASH FLOW**	**(178)**	**751**
(121)	Financial income (expense), net	(41)	(49)
(14)	Contributions of share capital and reserves	-	-
(14)	Dividends paid (-)	(20)	(7)
1,306	**D. CASH FLOW AFTER FINANCING ACTIVITIES**	**(239)**	**695**
(35)	Discontinued operations	-	-
1,271	**E. NET CASH FLOW FOR THE PERIOD**	**(239)**	**695**
(2,613)	**F. NET FINANCIAL (DEBT) AT END OF THE PERIOD**	**(2,852)**	**(3,189)**

Outlook and Expected Year-end Results

With the positive effect of the gas contracts review and the positive performance of the Electric Power business, Edison expects 2013 EBITDA to be around 1 billion euros.

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Edison and the Financial Markets

Stock Market Price and Other Per Share Data

	June 30, 2013	December 31, 2012
Edison Spa		
Stock market price (in euros) [1] :		
- common shares [2]	-	-
- savings shares	0.9351	0.8424
Number of shares (at end of period):		
- common shares	5,181,545,824	5,181,545,824
- savings shares	110,154,847	110,154,847
Total shares	**5,291,700,671**	**5,291,700,671**
Edison Group		
Profit (Loss) per share: [3] :		
basic earnings per common share	0,0281	0.0147
basic earnings per savings share	0,0581	0.0447
diluted earnings per common share	0,0281	0.0147
diluted earnings per savings share	0,0581	0.0447
Group interest in shareholders' equity per share (in euros)	1,354	1.333

(1) Simple arithmetic average of the prices for the last calendar month of the period.
(2) Delisted as of September 10, 2012.
(3) Computed in accordance with IAS 38.

Other Financial Indicators

Rating		Current	December 31, 2012
Standard & Poor's			
	Medium/long-term rating	BBB	BBB
	Medium/long-term outlook	Positive	Positive
	Short-term rating	A-2	A-2
Moody's			
	Rating	Baa3	Baa3
	Medium/long-term outlook	Negative	Negative

Economic Framework

The first half of the year was characterized by a steadying of the economic recovery in the United States, slower growth in the emerging countries, a sharp acceleration in Japan and a continuation of the recession in the Eurozone.

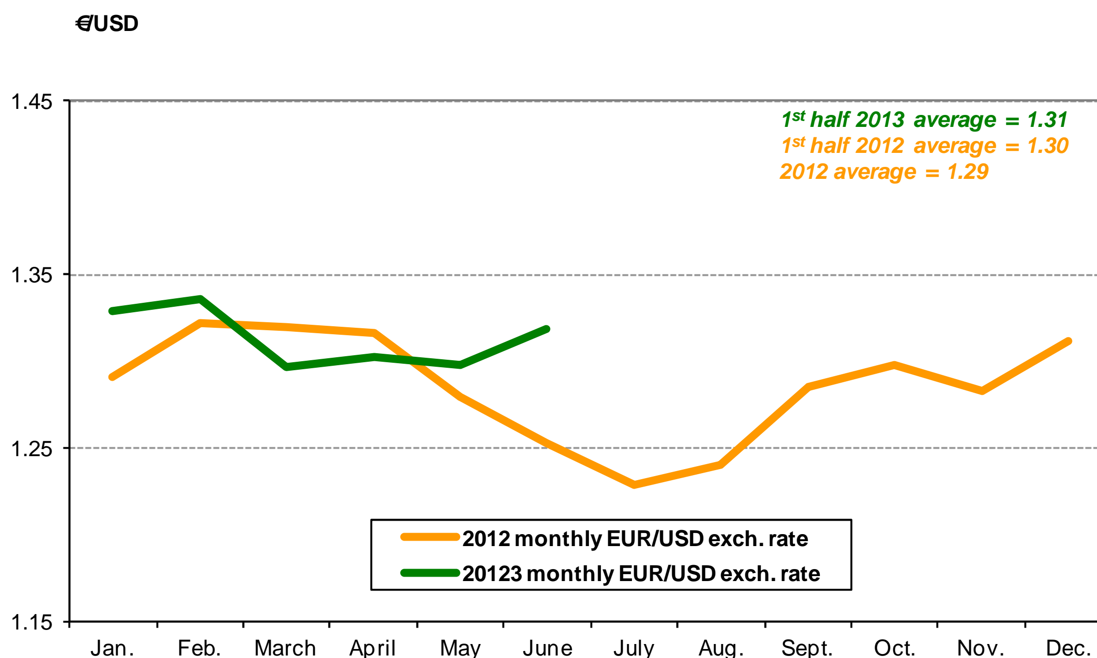
In the United States, the recovery was bolstered by a positive trend in the labor market and gains in the real estate sector, as well as by the momentum provided by the new industrialization phase and the resulting repatriation of some businesses. The impression that the emergency may be over in the United States and that the economic upturn is now solid caused the Fed to announce the possibility of cutbacks in monetary stimulus policies and quantitative easing programs by the end of the year, with immediate repercussions worldwide: the concern is that a lack of demand from the most important buyer of U.S. securities, which purchases 85 billion U.S. dollars of bonds each month, could cause prices to plummet (if it is not adequately replaced) with substantial losses for investment portfolios throughout the world with positions in bonds. However, the latest reading of U.S. GDP data showed that growth was less robust than originally thought, which caused market to conclude that the implementation of an exit strategy would be postponed.

As for the emerging countries, while their growth rates remained high, the pace of their expansion showed signs of slowing. The main source of concern came from the deceleration of the Chinese "locomotive," which was the most sluggish it has been in 13 years, with signs of weakness in manufacturing activity (which fell to a nine-month low in June) and a steady deterioration of its banking system, weighted down by the fear of a credit crunch; exports, investments and industrial production also weakened. The slowing of the Chinese economy could trigger, in a not-too-distant future, a domino effect in the rest of the emerging Asian countries and Japan, as hinted by the drop of market indices in Asia at the end of June, with major implications for Europe and the United States.

In Japan, export were up strongly, aided by the devaluation of the yen versus the currencies of all competitor countries, and domestic demand showed solid growth, driven by renewed consumer confidence and government spending. At the same time, the adoption of an expansionary monetary policy is aimed at defeating deflation.

In the Eurozone, the recessionary phase continued, with France joining the list of countries with problems (Spain, Italy, Portugal, the Netherlands and, above all, Greece). Germany is decelerating, being affected by the economic crisis faced by its European partners, who are purchasing an increasingly smaller volume of its exports. Italy is continuing in its downward track, with industrial production falling further and further below its pre-crisis levels, an extremely brittle labor market, weak demand for consumer goods and low investments in construction. The only positive note is provided by a net foreign demand, which, however, was due in part a slump in Italian imports. Thus far, the pursuit of a fiscal policy aimed at achieving budgetary targets left little leeway for the implementation of programs capable of accelerating a recovery that is not expected to materialize until next year. However, it did enable Italy to exit from the infraction procedure for excess budget deficit.

In the first half of 2013, the euro/U.S. dollar exchange rate averaged 1.31 USD for one euro, up slightly compared with the same period last year, when the average was 1.30 USD for one euro. In the six months ended June 30, 2013, the currency markets were characterized by extreme daily volatility, with euro/USD rates falling to a low for the year of 1.28 USD for one euro at the end of the first quarter after reaching a high of 1.37 USD for one euro in February. However, despite these daily swings, the overall trend was relatively stable.



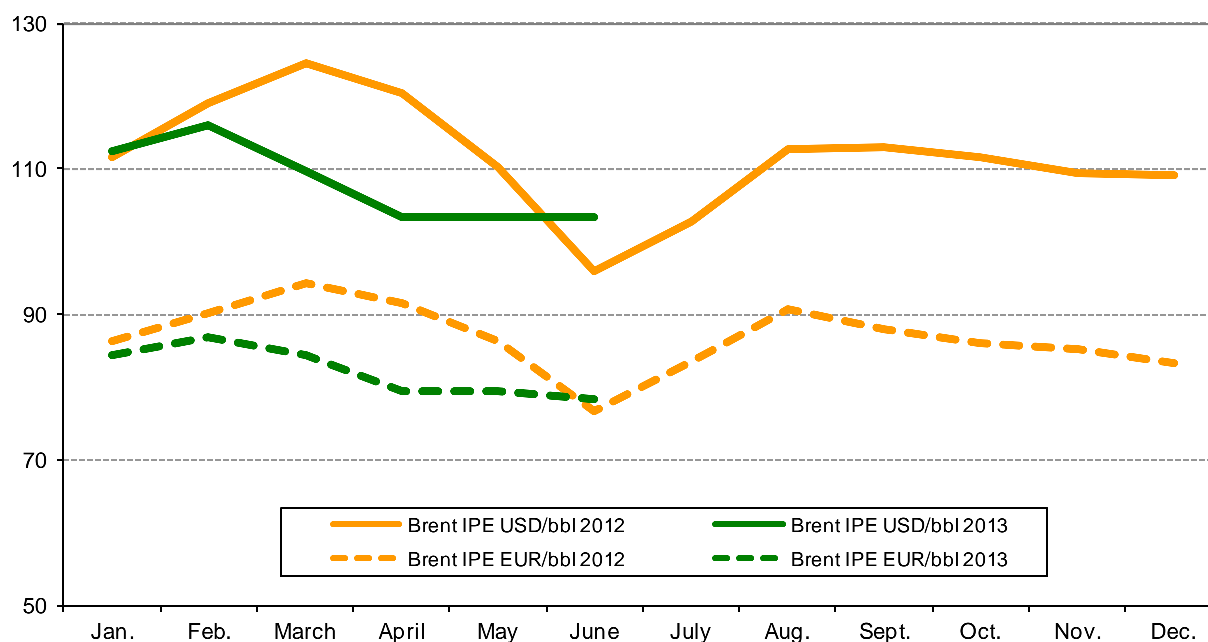
In the oil market, prices began the first half of 2013 with a bullish bias, rising to a high of about USD 118 per barrel in February, before retrenching to a low of USD 98 per barrel in April. Since then, crude prices have been fluctuating steadily within the range of USD 100 and USD 105 per barrel, showing reduced volatility.

Compared with the first six months of 2012, crude oil prices per barrel were down slightly in the first half of 2013, falling by about 5%. The decline is somewhat larger with prices in euros.

The table and chart that follow show the average data for the first half of the year and the monthly trends for 2013 and 2012:

2012 full year		First half 2013	First half 2012	% change
111.7	Oil price in USD/bbl[(1)]	108.0	113.6	*(4.9%)*
1.29	USD/EUR exchange rate	1.31	1.30	*1.3%*
86.9	Oil price in EUR/bbl	82.2	87.6	*(6.1%)*

(1) Brent IPE



The upward trend continued in the European natural gas spot markets, with prices rising by about 13% compared with the first half of 2012. A major reason for this increase was the weather in March and early April, which in Northern Europe was characterized by extremely low temperatures and a shortage of availability on the UK market (National Balancing Point). The opposite was true for spot prices in Italy, with trading on the Virtual Exchange Facility characterized by prices declining by 7.6% compared with the previous year, when they were affected by a spike in February due to the so-called "gas emergency."

On the Atlantic market, coal prices continued their slide, falling below USD 80 per ton in June to the lowest level of the last three years, confirming a situation of structural oversupply.

Prices of CO_2 emissions rights were also down substantially. On the ETS market, prices were down by about 40% compared with the first half of 2012, decreasing from 7.3 euros per ton to 4.2 euros per ton and posting in May the lowest monthly average recorded since the end of Phase I. This sharp drop can be explained by the climate of uncertainty that dominates the market for CO_2 emissions rights, due to the difficulties in reaching an agreement in Brussels about market support measures (so-called "quota backloading"). Only more recently, a climate of greater consensus about what action are need to rebalance demand for ETS credits managed to produce a modest upward correction for prices, which, however, are still trading below 5 euros per ton. As a result of the economic crisis and the development of renewable sources in Europe, the ETS market is characterized by excess supply of emissions rights compared with estimates of actual emissions for the 2013-2020 period.

The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

2012 full year	TWh	First half 2013	First half 2012	% change
284.8	Net production:	135.7	141.5	*(4.1%)*
204.8	*- Thermoelectric*	*86.3*	*103.1*	*(16.3%)*
43.3	*- Hydroelectric*	*27.3*	*19.8*	*37.9%*
36.7	*- Other renewables(1)*	*22.1*	*18.6*	*18.8%*
43.1	Net imports	21.3	22.0	*(2.6%)*
(2.6)	Pumping consumption	(1.3)	(1.4)	*(1.8%)*
325.3	**Total demand**	**155.7**	**162.1**	***(3.9%)***

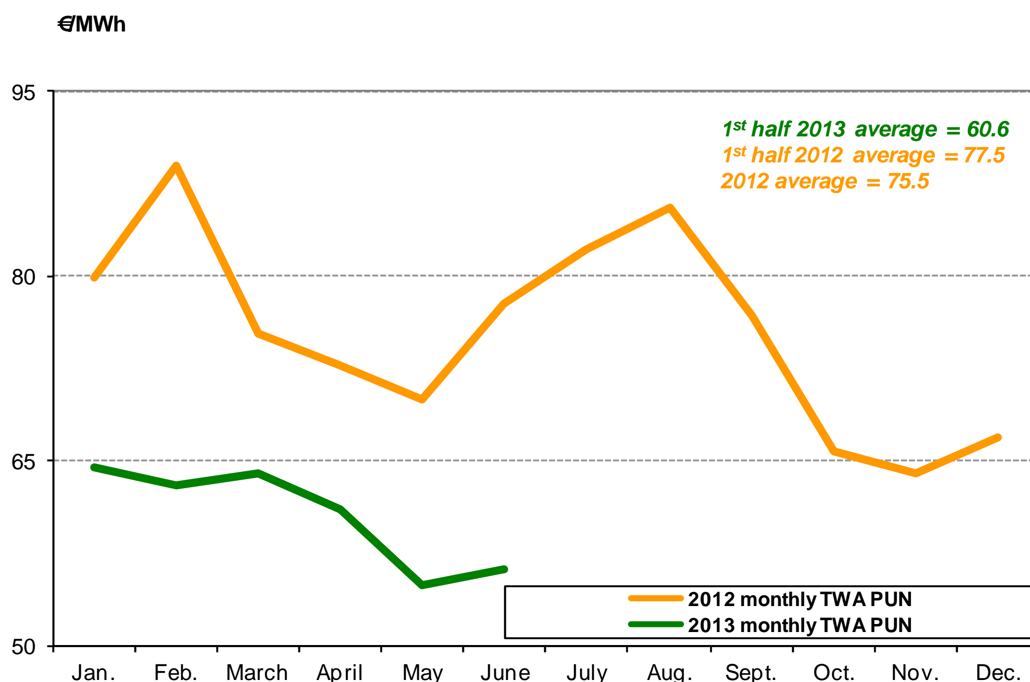
Source: Analysis of 2012 data and pre-closing 2013 Terna data, before line losses.
(1) Includes production from geothermal, wind power and photovoltaic facilities.

In the first half of 2013, total gross demand for electric power from the Italian grid decreased to 155.7 TWh (TWh = 1 billion kWh), or 3.9% less than in the same period last year, reflecting the downward trend of the general economic context. On a seasonally adjusted basis (i.e., eliminating the impact of changes in the number of business days), the reduction in demand shrinks to 3.3%.
Net national production declined by 5.8 TWh as the combined result of a contraction of 6.4 TWh in demand for electric power and a decrease of 0.7 TWh in net electric power imports. National production for the first six months of the year, net of pumping consumption, was equal to 86% of demand, in line with the first half of 2012, with net imports covering the remaining 14%.

The drop in net national production is attributable in its entirety to the thermoelectric sector (-16.3% compared with the first half of 2012), which was also adversely affected by a sharp gain in hydroelectric production (+37.9% compared with the same period last year) made possible by abundant precipitation during the first six months of the year, and a physiological increase in production from other renewable sources (+18.8% compared with the first half of 2012). As for non-hydroelectric renewable energy sources, there was a significant increase in production by photovoltaic facilities (+1.4 TWh; +15.2%) and wind farms (+2.1 TWh; +31.4%) thanks to steady gains in installed capacity. The output from geothermal facilities held relatively steady.

Insofar as the pricing scenario is concerned, the time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian) decreased to 60.6 euros per MWh at June 30, 2013, down almost 22% compared with the first six months of 2012 (77.5 euros per MWh).
This significant drop in the PUN level was undoubtedly caused by a market scenario characterized by weak demand for electric power (-3.9% in the first half of 2013) that reflected the impact of difficult economic conditions.
An analysis by hourly periods shows a significant price decline of about 20% in all hourly periods.
A year-over-year comparison of the monthly trend for the TWA PUN is depicted in the chart below, which also shows how in 2012 the average was impacted by a spike in February during the so-called "gas emergency."

The chart below shows the monthly trends and provides a comparison with the first six months of 2012:



In the other markets of the Old Continent, characterized by the general stagnation of the European economy, prices were also down on the power exchanges, with a decrease of 13% in Germany, compared with the first half of 2012, and an average reduction of 10% in France. As a result, the differential between the PUN and the price on foreign markets narrowed: the Italy-France differential contracted from 28.6 euros per MWh to 16.7 euros per MWh and the Italy-Germany differential decreased from 34.6 euros per MWh to 23.1 euros per MWh.

Demand for Natural Gas in Italy and Market Environment

2012 full year	in billions of m^3	First half 2013	First half 2012	% change
31.0	Services and residential customers	18.8	18.8	*0.4%*
17.0	Industrial users	8.9	9.1	*(2.3%)*
24.7	Thermoelectric power plants	9.6	12.3	*(21.9%)*
1.6	System usage and leaks	0.8	0.8	*(7.4%)*
74.3	**Total demand**	**38.1**	**41.0**	***(7.1%)***

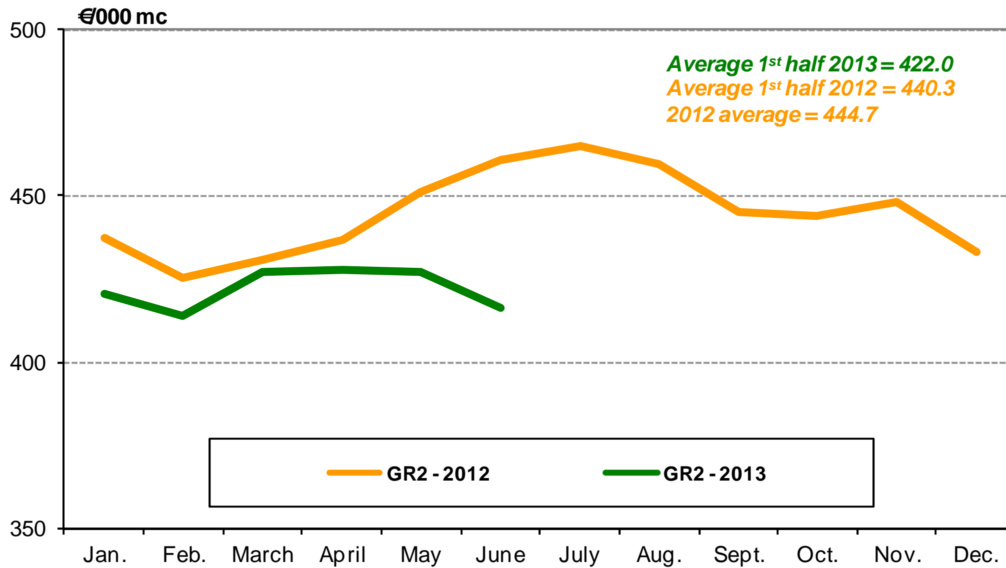
Source: 2012 data and 2013 preliminary data from Snam Rete Gas and the Ministry of Economic Development and Edison estimates.

In the first half of 2013, Italian demand for natural gas contracted by 7.1% compared with the same period last year to a total of about 38.1 billion cubic meters, for an overall reduction of about 2.9 billion cubic meters.
The main reason for this decrease is a major contraction in consumption by gas-fired thermoelectric facilities (down by about 2.7 billion cubic meters, or 21.9%, compared with the first half of 2012) that reflects the impact of lower demand and the growing contribution that renewable-source generating facilities are providing. In the industrial sector (-2.3%) demand was down slightly compared with the first six months of 2012, remaining well below the pre-crisis levels of 2008; lastly, consumption by the service sector and residential customers was little changed compared with the same period last year (+0.4%). The weather temperatures recorded in the first half of 2013 did not have a significant impact on demand for natural gas because the decrease in consumption recorded in January and February, due to warmer weather than last year, was offset by higher demand in March, when weather temperatures were significantly lower than average.

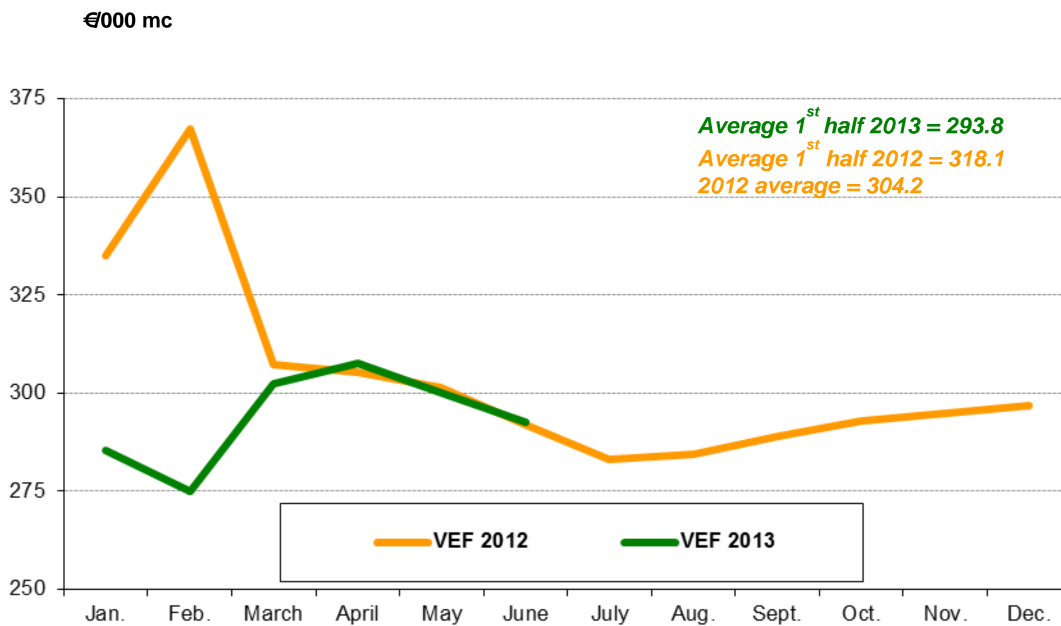
The following developments characterized supply sources in the first half of 2013:

- lower domestic production (-0.4 billion cubic meters; -9% compared with the first six month of 2012);
- sharply lower gas imports than in the first half 2012 (-6 billion cubic meters; -16.4%);
- lower volumes added to stored gas inventories than in the first six months of 2012, due to a continuation of the inventory withdrawal phase, caused by continuing cold weather in March and April, and favorable price dynamics.

As for the monthly trend for prices of indexed gas, the chart below, which uses the Gas Release 2 formula as a benchmark, shows the effect both of limited volatility in the oil market and cheaper crude oil in euros, with prices down only slightly compared with 2012.



Moreover, the monthly trend for gas prices on the spot market, depicted in the chart below, which uses the price on the Virtual Exchange Facility (VEF) as a benchmark, shows a very significant drop, with transactions on the VEF characterized by prices 7.6% lower than in the first half of 2012. When making a comparison with the previous year, it is important to keep in mind that in 2012 prices were impacted by a spike in February during the so-called "gas emergency. In 2013, on the other hand, average weather temperatures were lower in March and April causing price increases unusual for that period. Starting in March, prices were again aligned, in absolute terms, with the averages for the previous year.



The rate component that corresponds to the Wholesale Distribution Charge (abbreviated as CCI in Italian), which is indicative of the prices charged in the residential market, reflects changes in the basket of benchmark fuels with a longer time lag than the Gas Release 2, due to a different indexing mechanism. The price determined in accordance with the computation method of Resolutions No. 263/2012/R/gas and No. 124/2012/R/gas -which, by the way, increased the spot gas component in the indexing formula- was 395.4 euros per thousand cubic meters in the first half of 2013, for an increase of 2.8% compared with 384.6 euros per thousand cubic meters in the first six months of 2012. This dynamic, occurring despite the increased weight of the spot gas component, is the opposite of the direction followed by the Gas Release 2, due to a different indexing to exchange rates and the use of the CCI formula as a semiannual yardstick.

The table below shows average annual and semiannual prices for the Gas Release 2 and the CCI:

2012 full year		First half 2013	First half 2012	% change
444.7	Gas Release 2 - euros/000 m^3 [(1)]	422.0	440.3	*(4.2%)*
396.4	CCI – euros/000 m^3 [(2)]	395.4	384.6	*2.8%*

(1) Gas Release 2: Gas sold by ENI to competitors pursuant to a 2007 resolution by the Antitrust Authority. It reflects the trend of natural gas prices under long-term supply contracts. The price is the one quoted on the Virtual Exchange Facility.

(2) Wholesale distribution charge set pursuant to Resolution No. 134/06 and updated pursuant to Resolutions ARG/gas No. 192/08, 40/09, 64/09, 89/10, 77/11, 117/12, 263/12 and 124/13. The price is the one quoted at the border.

Legislative and Regulatory Framework

The main legislative and regulatory measures enacted in the first half of 2013 that had an impact on the various businesses of the Group are reviewed below.

Electric Power

Production

Avoided Fuel Cost (AFC): The Decree of the Ministry of Economic Development setting forth the determination of the AFC adjustment amount for 2012 was published on May 18, 115 in Issue No. 115 of the *Official Gazette of the Italian Republic*. By this Decree, the Ministry determined that the old AFC computation criteria will continue to apply for the 2012 adjustment amount; however, the Ministry confirmed the need to modify the updating mechanism starting in 2013 to take into account the evolution of the gas market.

Environment

Legislative Decree No. 30 of March 13, 2013, which implements Directive 2009/29/EC, was published on April 4, 2013 in Issue No. 79 of the *Official Gazette of the Italian Republic* and went into effect on April 5, 2013.
This decree implements the provisions of the abovementioned Directive, which amended and broadened Directive 2003/87/EC governing trading in CO_2 emissions rights in the E.U. market (Emissions Trading System – ETS), with the aim of perfecting and extending the E.U. system for trading greenhouse gas emissions rights.
More specifically, starting on January 1, 2013, thermoelectric power plants are required to acquire for consideration emissions rights through special auctions. For other sectors included on the ETS mechanism, emissions rights will be awarded free of charge in a quantities equal to 80% in 2013 and decreasing to 30% by 2020, with free allocation ending in 2017. Free allocations of emissions rights are also provided for specific sectors exposed to the risk of business relocalization (carbon linkage).
In addition, free allocations of emissions rights are also available for high yield cogeneration systems and for generating facilities linked to district heating systems and thermoelectric power plants that use exhaust gases from the production of electric power.

CIPE Resolution "Update to the National Action Plan to lower emissions of greenhouse gases, updating the previous Plan approved by Resolution No. 123/2002, as amended by Resolution No. 135/2007" was approved on March 8, 2013 and published on June 19, 2013 in issue No. 142 of the *Official Gazette of the Italian Republic.*
The Plan addresses specific E.U. and international commitments regarding the reduction of emissions during the 2013-2020 planning period for the decarbonization of the economy.

Ministry Decree of December 28, 2012 (so-called "**White Certificates**" Decree) **"Determination of national quantitative energy conservation objectives that must be pursued by companies**

distributing electric power and natural gas during the years from 2013 to 2016 and enhancement of the white certificate mechanism" was published on January 2, 2013 in Issue No. 1 of the *Official Gazette of the Italian Republic (Ordinary Supplement No. 1)*. It introduces measure to enhance the overall effectiveness of white certificates, also in light of the importance assigned to energy efficiency in the recent National Energy Strategy for the purpose of achieving the 2020 E.U. environmental objectives.

Ministry Decree of December 28, 2012 (so-called "**Thermal Account**" Decree) **"Incentives for the production of thermal energy from renewable sources and small-scale energy efficiency projects"** was published on January 2, 2013 in Issue No. 1 of the *Official Gazette of the Italian Republic (Ordinary Supplement No. 1)*. It governs the system of incentives for small-scale energy efficiency projects and the production of thermal energy from renewable sources.
These projects will be funded (up to 40% of the cost) within an annual spending ceiling of 900 million euros (200 million euros for the public administration and 700 million euros for private entities), with not new applications for subsidies accepted after 60 days have elapsed from the time the abovementioned ceiling is reached.

Wholesale Market

Facilities that are essential for the reliability of the electrical system: Facilities classified as essentials for 2013 included San Quirico, Porcari and Milazzo (already included in the list in 2012) and the Torviscosa power plant. Edison opted for the same type of remuneration as in 2012 (regular status for Porcari and Milazzo and alternative modalities for San Quirico and Torviscosa).

Remuneration of production capacity: The process of developing the new mechanism for the remuneration of production capacity is still in progress. The public consultation process aimed at defining the implementation rules launched by Terna at the end of 2012 was completed in the first quarter of 2013.
With regard to this issue, following a consultation process regarding "Generation adequacy, capacity mechanisms and the internal market in electricity," the European Commission's aim is to define a set of criteria for the assessment of remuneration mechanisms for production capacity.

Dispatching for renewable sources: A new system for quantifying imbalance compensation penalties for renewable source facilities, with the imposition of predefined penalties for imbalances in excess of the exemption went into effect in January 2013.
However, the Regional Administrative Court of Lombardy, by decision No. 1613/2013, handed down in response to an appeal filed by APER and some of its members, voided Resolutions No. 281/2012/R/EFR and No. 342/2012/R/EFR by which the Electric Power and Gas Authority (AEEG) revised the dispatching service, introducing imbalance fees for non-programmable renewable-source facilities. Specifically, the Regional Administrative Court found that "a system that treats non-programmable renewable-source facilities in the same manners as programmable facilities in determining the applicable imbalance fees is unlawful in that the two sources are not under the same factual conditions in forecasting any imbalances that they may cause".

Primary reserve remuneration: In the second quarter of 2013, the Authority approved the criteria for the remuneration of the primary reserve supplied by production facilities, which will be implemented starting in July 2014.

Review of imbalances: In the second quarter of 2013, the Authority completed a review of imbalances in Sardinia: the findings showed that operators complied with the ruled and cannot be held liable for specific responsibilities. However, the review showed the need to amend the regulation, which resulted in specific actions aimed at making less predictable whether the aggregate imbalance for the zone will be positive or negative.

Retail Market

Indemnification System: On October 4, 2012, the Regional Administrative Court held a hearing regarding the challenge filed against AEEG Resolutions No. 99/2012/R/eel and No. 195/2012/R/eel. On March 14, 2013, the Regional Administrative Court of Lombardy handed down a decision fully upholding the challenge filed by Edison Energia Spa, thereby voiding the rules governing the Indemnification System. The AEEG has 90 days, counting from March 14, to appeal this decision to the Council of State. At this point, the Single Buyer, in its capacity as the operator of the Indemnification System, suspended all System activities, except for the cancellation of requests for late-payment fees (C_{MOR}).

Subsequently, the Authority decided to appeal the Regional Administrative Court's decision filing a motion for a protective stay of its effects.

Reform of the rate component that corresponds to the Wholesale Distribution Charge (CCI): As required by the Deregulation Decree (Decree Law of January 24, 2012), the Authority defined a process of gradual reform of the economic terms for service to customers with protected status (CCI), with the aim of making the reference prices of natural gas for vulnerable customers consistent with European levels.

During the first phase (Resolution No. 124/2013/R/gas), April 2013 – September 2013, the current rate structure was maintained, increasing from 5% to 20% the weight of the spot index of the raw material component (QE). More specifically, the QE rate component is computed in accordance with a formula weighted between 80% of P_{TOP} index (aligned with the price levels of take-or-pay contracts) and 20% of the level of the P_{MKT} index (price of the TTF market).

In addition, the component related to the storage service (QS) was reduced to take into account the definition of the storage capacity that must be earmarked on a priority basis to meet the needs of vulnerable customers and new auction fees for the storage capacity quota thus allocated (Ministry Decree of February 15, 2013, so-called "Storage Decree").

Hydrocarbons

Rates and Market

Guidelines for the allocation of joint day-ahead capacity between Italy and Austria: The AEEG and E-Control (the Austrian Regulator) approved joint guidelines for the allocation, starting on April 1, 2013, of continuous and interruptible day-ahead capacity products, in both directions, at the Italy-Austria interconnection point in Tarvisio. The guidelines are designed to anticipate the implementation of the ENTSOG Network Code, currently in the approval phase through the committee process, which will introduce homogeneous rules for the allocation of capacity at interconnection points between E.U. countries. In accordance with the provisions of the Network Code, capacity will be allocated by means of daily auctions held on the PRISMA European platform. Users seeking capacity will be required to offer a premium over the base auction price, equal to the sum of the transmission rates on both sides of the interconnection point, with the allocation algorithm requiring winning bidders to pay the marginal price.

Gas Emergency Plan and Preventive Action Plan: The Decree of April 19, 2013 by which the Ministry of Economic Development approved the Preventive Action Plan and the Gas Emergency Plan pursuant to Article 8, Section 1, of Legislative Decree No. 93/2011 and in accordance with the provisions of EU Regulation No. 994/2010 on supply reliability, was published on May 16, 2013 in Issue No. 113 of the *Official Gazette of the Italian Republic.*
Briefly, the Plan is based on three crisis levels called pre-alarm, alarm and emergency, as defined in EU Regulation No. 994/2010 and is activated, in accordance with the terms and condition specified in the Plan, whenever verification and systematic comparison between availability projections, including those for delivery from the national storage system, and gas need projections, performed daily by the Main Transmission Company by monitoring the gas balance, show a problematic situation.
At the implementation level, the relevant Authority and the Technical Emergency Committee rely on the Main Transmission Company. It will be then the relevant Authority's responsibility to communicate externally the information concerning the implementation of the Plan for a correct functioning of the system.

Infrastructures

Dedicated storage for regasification companies and to manage unforeseeable events (Ministry Decree of February 15, 2013): As required by Article 14, Section 1, of the Deregulations Decree Law (Law No. 27 of March 24, 2012), the Ministry Decree of February 15, 2013 was published on March 11, 2013 in Issue No. 59 of the *Official Gazette of the Italian Republic.* Out of a capacity of 500 million cubic meters that became available following the redetermination of the strategic storage space (Ministry Decree of March 29, 2012), 50 million cubic meters were allocated on a prorated basis (relative to the reserved regasification capacity) to users of the regasification service to ensure compliance with regasification schedules in face of unforeseeable events. The remaining 450 million cubic meters were earmarked for the purpose of offering to industrial companies integrated services for regasification and storage of natural gas. In addition:

a) the space and the corresponding output/input capacities will be available only to Stogit;

b) the maximum output available to regasification users will be part continuous (space/150 days) and part interruptible;
c) the maximum input will be determined prorated for the allocated space.

Modulation storage – allocation modalities (Ministry Decree of February 15, 2013): In implementation of the provisions of Article 14, Section 3, of the Deregulations Decree Law (Law No. 27 of March 24, 2012), as amended by Article 38, Section 2, of the Growth Decree Law (Law No. 134 of August 7, 2012), the Ministry Decree that redefines the volumes and allocation modalities of the modulation storage for the 2013-2014 thermal storage year was published on March 6, 2013 in Issue No. 56 of the *Official Gazette of the Italian Republic.* The portion of storage earmarked for modulation needs in the residential market was redetermined at 6.7 billion cubic meters. Out of this quantity, 4.2 billion cubic meters (3.7 Stogit and 0.5 Edison Stoccaggio) are awarded in accordance with the rules currently in effect, i.e., prorated in the case of excess demand, and 2.5 billion cubic meters are awarded through competitive bidding by Stogit exclusively.
An additional 1.7 billion cubic meters are awarded through an open bidding process to all operators for all purposes, including those different from modulation for residential customers. On these capacities, there is a limit of 25% on the maximum quantity procurable by a single party (0.43 billion cubic meters).
Capacities for the modulation service for residential customers are used with a variable profile that reflects the seasonality of consumption ("seasonal" product), while capacity not earmarked for the residential market have a constant profile ("non-seasonal" product, more consistent with consumption by industrial and thermoelectric users).
In the event of unsold capacity (unallocated modulation capacity), the Ministry will work in coordination with the Gas Emergency Committee to define measures aimed at achieving an optimum level of storage for the reliability of the national system.

Issues Affecting Multiple Business Segments

National Energy Strategy (NES): The Interministry Decree of March 8, 2013 approving the National Energy Strategy was published on March 27, 2013 in Issue No. 73 of the *Official Gazette of the Italian Republic*.
The objectives of this document include reducing energy costs, fully achieving and exceeding European environmental objectives, increasing supply reliability and, lastly, fostering the industrial development of the energy sector. To achieve these goals, the Strategy addresses seven priorities with specific, concrete support programs that are already being implemented or are in the process of being defined:

- promotion of energy efficiency, which is an ideal tool to pursue all of the objectives mentioned above and is an area where there still is significant potential for improvement;
- promotion of a competitive gas market integrated with the other markets in Europe and with prices aligned with those markets, with the potential of becoming the most important South European hub;
- sustainable development of renewable energy sources, an area in which Italy intends to exceed E.U. targets (20-20-20), while minimizing the cost to consumers;

- development of a market for electric power that is fully integrated with the European market and is efficient (with prices competitive with the rest of Europe), with gradual integration of production from renewables;
- restructuring of the refining sector and of the fuel distribution network to achieve a system that is more sustainable and in line with European levels of competitiveness and service quality;
- sustainable development of domestic hydrocarbon production, with important economic and employment benefits, in compliance with the most stringent international standards of safety and environmental protection;
- modernization of the sector's governance system, with the aim of making the decision-making process in Italy more effective and efficient.

In addition to these priorities, looking at the long term, the abovementioned document also focuses on and makes proposals for technology research and development, specifically regarding the development of energy efficiency, renewable sources and sustainable use of fossil fuels.

Corporate income tax (IRES) surcharge (Robin Hood Tax): Article 5 of **Decree Law No. 69 of June 21, 2013** (so-called "**Getting Things Done Decree**" published on June 21, 2013 in Issue No. 144 of the *Official Gazette of the Italian Republic*) makes the following changes in how the surcharge is applied:

- reduction of the minimum revenues threshold from10 to 3 million euros.
- reduction of the minimum taxable income threshold from 1 million euros to 300,000 euros.

The enlarged scope of application will be effective from 2014.

European Regulations

OTC derivative regulatory requirements go into effect. Implementation measures in effect as of March 15, 2013. Regulation EMIR (EU) No. 648/2012 of July 4, 2012, which went into effect on August 16, 2012, implements in Europe the commitments undertaken at the G20 Summit in Pittsburg (September 2009). Consequently, from the end of 2012, all standardized OTC derivatives must be cleared through a central counterparty (CCP) and all OTC derivatives must be reported to trading databases. The goal is to increase the transparency of derivative markets and reduce system risk and counterparty credit risk.

All non-financial counterparties are required to: report all derivatives to the databases; submit for clearing through a central counterparty OTC derivatives included in specific categories declared subject to this requirement (clearing requirement) and when "clearing thresholds" specified in the implementation provisions are exceeded; apply certain risk mitigation techniques to OTC derivatives exempt from clearing requirements (operational and collateralization requirements, risk mitigation obligations on a bilateral basis).

The implementation provisions that went into effect on March 15, 2013, specify in detail the treatment of intercompany transactions that are relevant for portfolio computation purposes and the obligation to notify the relevant authority and ESMA when the threshold is exceeded (ideally starting as early as March 15, 2013). However, detailed measures are being discussed with EFET, ASSONIME and the CONSOB regarding the correct implementation of the Regulation. In addition, it will be possible to submit notifications of exemption from the collateralization requirement to the relevant authority only

after the enactment of technical regulatory standards specifying their content, which, as mentioned above, are still in the process of being developed.

Final approval of the European Network Code for the Allocation of Gas Transmission Capacity. The member countries and the European Commission, meeting in joint session, approved the final version of the first European Network Code, annexed to Regulation No. EC/715/2009, which introduces common rules for the allocation of transmission capacity at the interconnection points between European transmission networks. The main innovations of the Code, which must be implemented by all member countries starting on November 1, 2015, include: (1) obligation to allocate available transmission capacity exclusively through auctions and, eventually, on a single E.U. platform; (2) obligation to allocate capacity as a "linked" (or bundled) product, or selling as a single product outbound capacity from a system and inbound capacity into another system, so as to create a hub-to-hub capacity and thus foster the creation of market liquidity. Pilot projects for early implementation of the provisions of the Network Code are already underway, including the activation of the PRISMA European Platform, where capacity on the networks of 24 European transmission operators is being allocated since April 1, 2013, and the launch of auctions for the joint daily allocation of interconnection between Italy and Austria.

Performance of the Group's Businesses

Electric Power Operations

Quantitative Data

Sources

2012 full year	GWh (*)	First half 2013	First half 2012	% change
22,463	**Edison's production:**	**9,112**	**10,175**	***(10.5%)***
17,657	*- Thermoelectric power plants*	*6,501*	*8,080*	*(19.5%)*
3,881	*- Hydroelectric power plants*	*2,103*	*1,626*	*29.3%*
925	*- Wind farms and other renewables*	*508*	*469*	*8.3%*
28,626	**Other sources:**	**18,022**	**12,532**	***43.8%***
2,391	*- Edipower (up to 5/24/12)*	-	2,391	*(100.0%)*
26,235	*- Other purchases* (1)	18,022	10,141	*77.7%*
51,089	**Total sources in Italy**	**27,134**	**22,707**	***19.5%***
1,892	**Production outside Italy**	**662**	**940**	***(29.5%)***

(*) One GWh is equal to one million kWh, referred to physical volumes.

(1) Before line losses and excluding the trading portfolio.

Uses

2012 full year	GWh (*)	First half 2013	First half 2012	% change
1,673	**CIP 6/92 dedicated**	**155**	**883**	***(82.4%)***
945	**Captive and other customers**	**473**	**481**	***(1.7%)***
48,471	**Deregulated market** (Edipower up to 5/24/12)):	**26,506**	**21,343**	***24.2%***
18,102	*- End customers* (1)	9,238	9,096	*1.6%*
6,750	*- IPEX and mandates*	1,373	4,269	*(67.8%)*
14,528	*- Wholesalers and industrial portfolio*	10,898	5,239	*n.m.*
9,091	*- Other sales* (2)	4,997	2,739	*82.5%*
51,089	**Total uses in Italy**	**27,134**	**22,707**	***19.5%***
1,892	**Sales of production outside Italy**	**662**	**940**	***(29.5%)***

(*) One GWh is equal to one million kWh.

(1) Before line losses.

(2) Excluding the trading portfolio.

Financial Highlights

2012 full year(*)	in millions of euros	First half 2013	First half 2012 (*)	% change
6,961	**Sales revenues**	**3,631**	**3,217**	***12.9%***
605	Reported EBITDA	358	255	*40.4%*
583	Adjusted EBITDA(1)	369	239	*54.4%*
96	Capital expenditures	17	23	*(26.1%)*
1,229	Number of employees (2)	1,218	1,272	*(0.9%)*

(1) See note on page 10.

(2) End-of-period data. The changes are computed against the data at December 31, 2012.

(*) The amounts for 2012 reflect the adoption IAS 19 Revised.

Production and Procurement

Edison's net production in Italy decreased to 9,112 GWh, or 10.5% less than in the first half of 2012, as a result of a 19.5% reduction in thermoelectric output, which was consistent with the prevailing national trend and reflective of a drop in demand for electric power and a concurrent sizable gain in production from renewable sources. With regard to renewables, hydroelectric production was up sharply in the first six months of 2013 (+29.3%), benefiting from the abundance of water resources that characterized Italy during the first half of the year. Production from wind farms and other renewable-source facilities was also up (+8.3%) due mainly to more windy weather conditions during the period.
Other sources carried out to round out the sources portfolio rose by 43.8% compared with the same period last year; the different mix reflects a decision to increase outside purchases, particularly on the IPEX, to replace the production provided by Edipower until May 24, 2012. However, it is important to keep in mind that this category includes purchases that occur when facilities operate in bidding mode and other transactions with relatively low unit margins.

Production outside Italy, consisting of the production of the facilities operated by Elpedison Power in Greece, decreased by 29.5% in the first six months of 2013 due to a further reduction in national demand for electric power (-7.9%) and the exceptional level of rainfall recorded during the period (+116.6%). The increasing penetration of renewable sources and the commissioning of new generating capacity also had an impact on the level of production for the deregulated market. In addition, in the first half of 2012, these generating facilities benefited from unusually favorable market conditions due to exceptionally cold weather in February 2012 and limited availability of water resources.

Sales and Marketing

In the first six months of 2013, domestic sales of electric power totaled 27,134 GWh, up 19.5% compared with the same period last year.
Sales in the CIP 6/92 segments contracted by 82.4% reflecting the impact of the early termination of the contract for the Piombino thermoelectric power plant, effective January 1, 2013.
In the deregulated market, sales dynamics differed depending of the type of portfolio; specifically, volumes were lower on the IPEX, but sales to wholesalers and in the forward markets increased due to a different strategy to hedge the risk of price volatility in various markets. Sales to end customers held relatively steady.
As mentioned above in the section on procurement, other sales in the deregulated market include volumes generated with the production facilities operating in bidding mode.

Operating Performance

In the first half of 2013, sales revenues increased by 12.9% compared with the same period in 2012, due mainly to the effect of higher sales volumes, which more than offset a reduction in average sales prices driven by the trend in the benchmark scenario (TWA PUN -22% compared with the first six months of 2012).
Adjusted EBITDA totaled 369 million euros at June 30, 2013 (239 million euros in the first six months of 2012). The increase of 130 million euros reflects the impact of an outstanding performance in the

management of the portfolio of thermoelectric power plants in the different target markets (Day Ahead Market, Dispatching Services Market and forward markets), the abovementioned trend in hydroelectric production and the power trading activities, which used to their advantage the price volatility that characterized the IPEX, particularly in the first two months of the year.

Capital Investments

Capital expenditures by the electric power operations, which totaled 17 million euros at June 30, 2013, referred mainly to minor projects and to maintenance upgrades at hydroelectric and thermoelectric power plants in Italy and Greece.

Hydrocarbons Operations

Quantitative Data

Sources of Natural Gas

2012 full year	in millions of m^3 of natural gas	First half 2013	First half 2012	% change
611	Production in Italy [1]	230	321	*(28.5%)*
12,285	Imports (Pipelines + LNG)	6,551	6,126	*6.9%*
3,328	Domestic purchases	1,052	1,793	*(41.3%)*
(449)	Change in stored gas inventory [2]	162	(298)	*n.m.*
15,775	**Total sources (Italy)**	**7,995**	**7,942**	***0.7%***
1,906	**Production outside Italy [3]**	**902**	**969**	***(6.9%)***

(1) Net of self-consumption and stated at Standard Calorific Power.

(2) Includes pipeline leaks. A negative change reflects additions to the stored gas inventory.

(3) Counting volumes withheld as production tax.

Uses of Natural Gas

2012 full year	in millions of m^3 of natural gas	First half 2013	First half 2012	% change
2,346	Residential use	1,682	1,258	*33.7%*
1,725	Industrial use	1,302	884	*47.3%*
8,770	Thermoelectric fuel use	3,117	4,392	*(29.0%)*
2,934	Other sales	1,894	1,408	*34.5%*
15,775	**Total uses in Italy**	**7,995**	**7,942**	***0.7%***
1,906	**Sales of production outside Italy [1]**	**902**	**969**	***(6.9%)***

(1) Counting volumes withheld as production tax.

Crude Oil Production

2012 full year	in thousands of barrels	First half 2013	First half 2012	% change
1,809	Production in Italy	703	1,036	*(32.1%)*
1,737	Production outside Italy [1]	847	843	*0.5%*
3,546	**Total production**	**1,550**	**1,879**	***(17.5%)***

(1) Counting volumes withheld as production tax.

Financial Highlights

2012 full year (*)	in millions of euros	First half 2013	First half 2012 (*)	% change
6,571	**Sales revenues**	**3,047**	**3,391**	***(10.1%)***
608	Reported EBITDA	360	99	*n.m.*
630	Adjusted EBITDA [1]	349	115	*n.m.*
245	Capital expenditures	65	134	*(51.5%)*
116	Investments in exploration	28	56	*(50.0%)*
1,369	Capital expenditures	1,410	1,317	*3.0%*

(1) See note on page 10.

(2) End-of-period data. The changes are computed against the data at December 31, 2012.

(*) The amounts for 2012 reflect the adoption IAS 19 Revised.

Production and Procurement

Net production of natural gas, counting the combined output of the Italian and international operations, totaled 1,132 million cubic meters in the first half of 2013, for a decrease of 12.3% compared with the same period last year. Production was down 28.5%% in Italy, due to the natural decline of production curves for some fields; outside Italy, production contracted by 6.9% despite the growing contribution from wells in the Abu Qir concession in Egypt, due to the normal depletion of the Rosetta concession, also in Egypt.

Production of crude oil totaled 1,550,000 barrels (1,879,000 barrels in the first six months of 2012), with volumes decreasing in Italy compared with the same period last year, due to a stoppage at the Rospo field starting at the end of January 2013 to allow checking the production risers while the maintenance activities continued with equipment on two wells of the Rospo C platform.

Outside Italy, production volumes from the Abu Qir and West Wadi el Ryan concessions in Egypt held relatively steady.

Natural gas imports increased by 6.9%in the first six months of 2013 reflecting compliance with the obligations incurred under take-or-pay clauses of long-term procurement contracts.

Consistent with seasonal dynamics typical of this period, the contribution provided by withdrawals from the stored gas inventory grew to 162 million cubic meters, up sharply compared with the first half of 2012 when it was adversely affected by opposite weather and price dynamics.

Sales and Marketing

Unit sales of natural gas to customers in Italy totaled 7,995 million cubic meters, for an increase of 0.7% compared with the first half of 2012.

Specifically, sales to residential users rose by 33.7%, sales to industrial users grew by more than 400 million cubic meters (+47.3%) thanks to demand from new customers; deliveries to thermoelectric users decreased by 29%, due to lower gas consumption by the Group's thermoelectric power plants, which were adversely affected by a contraction in national demand and an increase in output by renewable-source facilities.

Sales to other wholesalers and volumes traded on the Virtual Trading Facility totaled 1,894 million cubic meters (1,408 million cubic meters in the first half of 2012).

Operating Performance

In the first half of 2013, sales revenues amounted to 3,047 million euros, or 10.1% less than in the first six months of 2012, due mainly to a decrease in average sales prices that reflects the impact of a significant decline in the benchmark scenario.

Adjusted EBITDA totaled 349 million euros at June 30, 2013 (for an increase of 234 million euros compared with the same period last year).

The amount reported in 2013 is the combined result of the adjusted EBITDA of the exploration and production activities, the EBITDA earned by regulated gas infrastructures and those of the Group's activities engaged in buying and selling natural gas. In this segment, it is worth mentioning that EBITDA for the first half of 2013 benefited from the positive effect of the price revision of the contracts to supply natural gas from Algeria and Qatar, which included the amount corresponding to volumes received in

previous years. With regard to the contract to supply natural gas from Qatar the agreement will also concern the volumes.
It is also worth mentioning that average unit sales margins currently remain negative for the current portion and that, consequently, Edison is committed to pursuing to completion a second round of price renegotiations for all of its procurement contracts, in the belief that it is essential to restore a reasonable level of profitability to its portfolio of multi-year contracts.

Capital Investments

Capital investments totaled about 65 million euros in the first half of 2013.
The main investments in Italy included 11 million euros to develop the San Potito and Cotignola field, which went into service in June, 24 million euros to drill new wells in the Rospo field and activities to develop the Tresauro field (3 million euros) and the Fauzia field (3 million euros).
Investment projects outside Italy focused on the Abu Qir and West Wadi el Ryan concessions in Egypt (5 million euros and 3 million euros, respectively) and the Zidane concession in Norway (4 million euros).

Exploration Activities

In the first six months of 2013, the Group invested about 28 million euros in exploration, including 17 million euros in Norway, mainly to drill the Skarfjell North exploratory well (10 million euros), and 9 million euros in the Falkland Islands, for hydrocarbon exploration activities in the southern area.

Corporate Activities and Other Segments

Financial Highlights

2012 full year (*)	in millions of euros	First half 2013	First half 2012	% change
48	**Sales revenues**	**24**	**25**	*(4.0%)*
(110)	EBITDA	(48)	(53)	*9.4%*
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*	
2	Capital expenditures	1	-	*n.m.*
650	Number of employees (1)	624	656	*(4.0%)*

(1) End-of-period data. The changes are computed against the data at December 31, 2012.
(*) The amounts for 2012 reflect the adoption IAS 19 Revised.

Corporate Activities and Other Segments include those operations of Edison Spa, the Group's Parent Company, that engage in activities that are not industrial in nature and certain holding companies and real estate companies.

Sales revenues were virtually unchanged compared with the same period last year, but EBITDA improved (+9.4%) compared with the first half of 2012.

Discontinued Operations

Financial Highlights

2012 full year	in millions of euros	First half 2013	First half 2012	% change
50	**Net profit (loss) from discontinued operations**	**-**	**50**	*n.m.*
-	Capital expenditures	-	-	*n.m.*
-	Number of employees (1)	-	-	*n.m.*

(1) End-of-period data. The changes are computed against the data at December 31, 2012.

The profit of 50 million euros from discontinued operations shown for 2012 is the result of an 80-million-euro revision of the sales price of the equity stake in Edipower Spa, net of the negative contribution from the tolling activities.

Reconciliation of the Parent Company's Net Income and Shareholders' Equity to the Corresponding Data for the Group

Pursuant to Consob Communication No. DEM/6064293 of July 28, 2006, the schedules that follow provide a reconciliation of the Group interest in net profit (loss) for the period and the shareholders' equity attributable to the shareholders of the controlling company at June 30, 2013 to the corresponding data for Edison Spa, the Group's Parent Company.

Reconciliation of the Net Profit (Loss) of Edison Spa to the Group Interest in Net Profit (Loss)

(in millions of euros)	**First half 2013**	**First half 2012**
Net profit (loss) of Edison Spa	**102**	**(31)**
Intra-Group dividends eliminated in the consolidated financial statements	(118)	(120)
Results of subsidiaries, affiliated companies and joint ventures not recognized in the financial statements of Edison Spa	175	100
Other consolidation adjustments	(7)	2
Group interest in net profit (loss)	**152**	**(49)**

Reconciliation of the Shareholders' Equity of Edison Spa to the Shareholders' Equity Attributable to the Shareholders of the Controlling Company

(in millions of euros)	**6/30/13**	**12/31/12**
Shareholders' equity of Edison Spa	**6,021**	**5,946**
Carrying value of investments in associates eliminated against the corresponding interests in the shareholders' equities of the investee companies, including:		
- Elimination of the carrying values of the consolidated investments in associates	(1,257)	(1,279)
- Recognition of the shareholders' equities of consolidated companies	2,430	2,417
Valuation of investments in associates measured by the equity method	12	13
Other consolidation adjustments	(40)	(42)
Shareholders' equity attributable to the shareholders of the controlling company	**7,166**	**7,055**

Innovation, Research and Development

The process of restructuring the research and development activities, with an increased commitment to the hydrocarbon sector, got under way in the first half of 2013. Differently from the current portfolio of projects, mainly focused on technologies for the final uses of natural gas, upstream and midstream activities are expected to play an increasingly important role.
The areas of activity pursued by the Research, Development and Innovation Department in the first six months of 2013 are reviewed below.

Energy from Renewable Sources

Various photovoltaic technology were the subject of studies and experimental assessment both at the Trofarello Research Center and a field testing site established at the Group's Altomonte power plant. In addition to these projects, typically involving experimental assessments, carried out also collaboratively with the Les Renardieres laboratory of EDF's R&D organization, the Group conducted studies focused on the technical-economic assessment of integrated photovoltaic and battery storage solutions, carried out in tandem with an experimental installation at the Trofarello center.

Advanced Materials

The issues tackled by materials science are transversal to many innovation projects in the energy sector and, for this reason, the topic of materials was the subject both of research projects at the Group's laboratory specialized in "thin film" deposition techniques and scientific collaborative projects.

Energy Efficiency

In order to pursue this topic as effectively as possible, Edison monitors on an ongoing basis technologies for the delivery of energy efficiency services and performs specific tests in this area. Test projects focused on heat pumps for heating and air conditioning, solar thermal energy and small-scale cogeneration. In addition, the R&D Department provides technical support for marketing initiative of the efficiency services developing various consumption monitoring systems.

Fuel Cells

Research in this area is being pursued by a dedicated laboratory at the Edison Research Center engaged in activities that may also be included in European projects, working in close collaboration with the EIFER Institute in Karlsruhe, Germany, the Chemistry and Energetics Departments of Turin's Polytechnic University and Milan's Polytechnic University.

Health, Safety and the Environment

The main achievements of the first half of 2013 and projects under development are reviewed below.

Occupational Safety

In 2013, the Group further strengthened its efforts aimed at presenting comprehensively the effect of programs to promote occupational health and safety; occupational safety indices are computed combining the data for Edison's personnel and for employees of suppliers, assigning to management improvement objectives compared with the average results for the previous three years.
In this area, in the first half of 2013, the combined Injury Incidence Rate for activities in Italy was 1.0, showing a significant improvement compared with the previous year (2.9). The impact on the incidence rate is a direct result of a reduction in the number of injuries (down from 7 in the first half of 2012 to 3 in the first six months of 2013) achieved even though the hours worked decrease by just 3% compared with the same period last year (-12% for employees of contractors and +2% for Group employees). The Lost Workday Incidence Rate was 0.05 for the first six months of the year, down slightly from 0.06 in the first half of 2012.
For activities outside Italy, the Injury Incidence Rate was 0.8 in the first half of 2013 (in line with the result for 2012), generated by a fatal injury suffered in Egypt by an external contractor in a car accident that occurred in transit.
In the aggregate, adding the data for the Italian and international operations, Edison's Injury Incidence Rate was 0.9 for the first half of 2013, compared with a benchmark result at the end of 2012, when the rate was 2.2.

Activities Concerning Occupational Health and Safety

The main activities carried out or launched in the first half of 2013 in this area are reviewed below:

- The Risk Assessment Documents were reviewed and updated. The results of the assessments were discussed at the periodic safety meetings required by current regulations (Article 35 of Legislative Decree No. 81/08), during which progress reports on the implementation of training processes and the macro-results of employee health monitoring programs were also presented. An update of the assessment of risk from work-related stress, designed in accordance with the general guidelines of the European Agreement of October 8, 2004 was also presented on that occasion.
- Training and development programs about health and safety were completed in accordance with the requirements of the agreement between the central government and the regional administrations of December 21, 2011, including a specific training programs for managers and supervisors.
- A training program on "Risk Perception" for all employees of the Power Assets Business Unit is in the completion phase. This program is aimed at enhancing personal attitude to perceive and control risk in the workplace. A similar training program is being planned for the Renewable Sources Business Unit, with completion expected in the second half of the year.
- Updates to four Safety Design Criteria specifications were issued as part of the safety level assurance process in the design and construction of new facilities or overhaul of existing ones.

- Construction of the San Potito Cotignola gas storage facility was completed. This construction project, carried out jointly by Edison Stoccaggio and the Engineering Division of Edison SpA, was completed with zero injuries during a total of 714,450 hours worked.

Environmental Activities

There were no accidents with an impact on the environmental matrices (soil, subsoil, surface waters and biodiversity) in the first six months of 2013.
The main activities carried out or launched in the first half of 2013 in this area are reviewed below:

- Subsequent to the activities carried out at the Cellino facility, a study of the safety reports prepared in accordance with the "Seveso Directive" was successfully completed for the Potito Cotignola and Collalto gas storage facilities.
- Site characterization, safety assurance and environmental remediation work continued. Most of these activities involve highly significant industrial sites potentially polluted by activities carried out in the past by various businesses. At the same time, work continued on environmental remediation procedures for soil and aquifer contamination plumes identified or started in previous years at some of the Group's thermoelectric and hydroelectric power plants.
- In response to regulations issued during the first half of 2013, the Group successfully carried out activities concerning the disclosure of equipment containing fluorinated gases and the online reporting of generated waste. Another project launched in this area involves an assessment of the actions resulting from the issuance of the Single Environmental Permit and the restart of the Waste Tracking System.

Combined Quality, Environmental, Heath and Safety Activities

The following monitoring inspections of certified management systems were successfully completed in the first half of 2013: 9001 quality management system at the Marketing, Sales and Energy Services Division and Edison Energia SpA; 18001 health and safety management system at the Engineering Division; 18001 health and safety management system at the Trofarello Research and Development Center; and EMAS environmental registration at the Garguso site of the Exploration & Production Division and at the hydroelectric facilities of Dolomiti Edison Energy.
A new revision of the Company's General Regulation No. 3 concerning "Management of Activities with Contractor Companies," which is the reference regulation for all construction-site activities carried out in Italy by Edison using contractor companies, was completed and published. The regulation defines and describes the operational modalities that must be adopted consistent with the various legislative frameworks concerning occupational safety in the areas of construction-site organization, security and access management, construction-site management and management of administrative and insurance processes.

Human Resources and Industrial Relations

Human Resources

At June 30, 2013, counting the staff of companies consolidated on a proportional basis, the Edison Group had a total of 3,252 employees on its payroll, roughly the same as at the end of 2012 (3,248 employees).

Industrial Relations

The two main collective bargaining agreements applicable to employees of the Group were renewed in the first half of 2013.

Electric Power Operations

The National Collective Bargaining Agreement for the Electric Power Sector, which expired on December 31, 2012 and is applicable to about 1,700 employees of the Edison Group, was renewed on February 18, 2013 for three year, from 2013 to 2015.

The negotiations, which lasted seven months, addressed both economic and prescriptive issues.

Insofar as the economic part is concerned, the agreement addressed two main issues:

- increase of contract minimums, in line with the IPCA index and with inflation adjustment recovery for the previous three years through mechanisms the include nonrecurring payments;
- definition of a "productivity" contribution aimed, though company-level agreements, to increase the productivity and competitiveness of businesses during this particularly critical moment.

Overall, the economic impact of the Agreement's renewal took into account the current situation of the industry, postponing its effects to the end of the three-year period.

The following issues were addressed in the prescriptive area:

- new industry-wide regulation of the right to strike (completing complex negotiations that lasted 10 years);
- rules governing a professionalism developing apprenticeship contract;
- strengthening of bilateral entities in the areas of training, the environment and safety;
- actions to comply with the new provisions introduced by Law No. 92/2012 (the "Fornero Law") in the areas of short-term, service and part-time contracts, parenting protection and illness.

Hydrocarbons Operations

The National Collective Bargaining Agreement for Energy and Oil, which expired on December 31, 2012 and is applicable to about 300 employees of the Edison Group, working mainly in the E&P sector and in "regulated" infrastructures, such as gas storage and transmission, was renewed on January 22, 2013 for three year, from 2013 to 2015.

For the economic part, increases reflected the projected inflation rate for the three-year period, taking also into account the permanent elimination of seniority wage increases starting in 2016.

In the prescriptive area, in response to the need to identify tools to improve productivity, changes were made affecting work schedules.

In addition, during the first half of 2013, local union agreements were reached to implement the Union Agreement signed on October 30, 2012 to address the occupational issues resulting from the situation of production overcapacity that characterizes the Italian thermoelectric industry.
The process of requalification and reassignment for redundant staff at the six production facilities covered by the new agreements (Sulmona, Termoli, Jesi, Porto Viro, Sarmato and Cologno Monzese) succeeded in reassigning within the Edison group 55% of the affected employees.

Organization

The main organizational changes that occurred during the first half on 2013 are listed below:

- redefinition of the responsibilities consistent with the new organizational structure concerning occupational health and safety, environmental protection and privacy;
- activation of two specific task forces aimed, respectively, at managing the process of responding to calls for tenders for hydroelectric concessions and optimizing the credit collection process in the Retail segment (Residential and Small and Medium-size Business);
- reconfiguration of the structure and responsibilities for the Finance Division and concurrent establishment of a Strategic Planning and M&A Department;
- redefinition of the organizational model of the Marketing and Sales Business Unit with the aim of monitoring on an integrated basis sales and aftersale activities for each customer segment (Business, Small and Medium-size Business and Residential).

Training

Training and development activities carried out in the first half of 2013 included the successful conclusion of some innovative training tracks launched in 2012, such as the Young Community program for recently hired young college graduates who, through experience building labs and work projects were able to produce an innovative welcome book for new hires and a series of suggestions for top management. The suggestions part of the program, which is being called "Growing together," combines the contribution of young employees with the expertise of professionals on a growth track, who are asked to perform a mentoring role. The program provides training supports for both groups and ended with a constructive discussion of the planning activities carried out with Edison's Chief Executive Officer.
In 2013, the Company continued to pursue its commitment to professional training, with regard both to transversal competencies in the energy business and "professional family" competencies.
The former were addressed in detail by a "Specialization Course on the Energy Business and Utilities," the second edition of which ended in June 2013 with the production of seven work projects on issues relevant to the Company by the first 30 professionals who earned the Specialization Diploma.
The "professional family" competencies were addressed, in addition to the structural activities of the Edison Market Academy, with training programs designed starting with specific professional profiles and the corresponding needs: noteworthy projects included a "purchasing management" program for the procurement professional family and a training campaign on "risk perception for employees of the Power Assets Business Unit. Specific programs are being developed for other professional families and should be ready in the second half of the year.

Activities in the area of management training included a cycle of workshops developed with management to accompany the launch of the 2013 Performance Management cycle and a related training program based on goal setting and feedback management.

Lastly, a highly significant development was the activity of reviewing the evidence developed through the MyEDF Engagement Survey carried out in November 2012 and the development of the corresponding action plans both at the Company level and at the individual Business Units and Departments.

Risks and Uncertainties

Risk Management at the Edison Group

Enterprise Risk Management

Edison developed an integrated risk management model based on the international principles of Enterprise Risk Management (ERM), the main purpose of which is the adoption of a systematic approach to identifying the Company's most significant risks, addressing in advance their potential negative effects and taking appropriate actions to minimize them. For more details about the process and the ERM model adopted by Edison see the comprehensive description provided in the Report on Operations at December 31, 2012.

Energy Risk Management

Within the risk management activities, a separate process specifically addresses the commodity risk, which is the risk associated with price fluctuations in the financial and physical markets in which the Company operates with respect to such energy raw materials as electric power, natural gas, coal, crude oil and derivative products, and the related foreign exchange risk.
The specific objectives and operating procedures of the energy risk management process are discussed in detail in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2013 entitled "Group Financial Risk Management," which should be consulted for additional information.

Risk Factors

Risks Related to the External Environment

Legislative and Regulatory Risk

A potential source of significant risk for Edison is constant evolution occurring in the reference legislative and regulatory framework, which affects how the market operates, rate plans, required levels of service quality and technical and operational compliance requirements. In this area, Edison is engaged in an ongoing activity to monitor and carry out a constructive dialog with national and local public institutions, so as to develop opportunities for discussing and promptly assessing the impact of regulatory changes, with the aim of minimizing the resulting economic impact.
An overview of the main changes in the legislative framework, which are discussed in detail in the section of this Report entitled "Legislative and Regulatory Framework," is provided below:

- **Renewals of Hydroelectric Concessions**
  Article 37 of the recently enacted Decree Law No. 83 of June 22, 2012, setting forth "Urgent Measures for the Country's Development" (converted into law No. 134/2012), substantially amended the regulations governing hydroelectric concessions. Pursuant to the new rules, issues related to concessions that expired or are in the process of expiring are also addressed in the law by

means of transitional provisions (for concessions that have already expired and those expiring up to December 31, 2017, to which the five year period provided under Article 12, Section 1, of the Bersani Decree is not applicable, the new concession starts five years after the original expiration date, but never later than December 31, 2017).

Publication of a long-awaited Ministry decree that specifies the criteria for responding to calls for tenders is now expected to complete the regulatory framework. This decree should be a source of reliable certainty for operators, also with regard to planning future investments and the submission of bids for the renewal of concessions.

Price Risk and Foreign Exchange Risk Related to Commodity Activities

The Edison Group is exposed to the risk of fluctuations in the prices of all of the energy commodities that it handles, including, specifically, electric power, natural gas, coal, petroleum products and environmental securities. These fluctuations affect the Group both directly and indirectly through indexing mechanisms contained in pricing formulas. Moreover, because some of the abovementioned commodity prices are quoted in U.S. dollars, the Group is also exposed to the resulting foreign exchange rate risk.

The activities required to manage and control these risks are governed by the Energy Risk Policies, which require the adoption of specific risk limits, in terms of economic capital, and the use of financial derivatives that are commonly available in the market for the purpose of containing the risk exposure within preset limits.

Approved activities that are part of the core businesses of the Edison Group include physical and financial commodity trading, which must be carried out in accordance with special procedures and segregated at inception in special trading portfolios. Trading portfolios are monitored by means of strict risk limits and compliance with these limits is verified by an organizational unit independent of those who execute the transactions.

A more detailed analysis of these risks is available in the disclosure provided pursuant to IFRS 7 in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2013 entitled "Group Financial Risk Management."

Foreign Exchange Risk

The foreign exchange risk arises from the fact that some of Edison's activities are carried out in currencies other than the euro or are influenced by changes in foreign exchange rates through contractual components indexed to a foreign currency. The objectives pursued when managing the exchange rate risk are set forth in specific Exchange Risk Policies, depending on the different nature of the risk in question. For a detailed analysis of this risk please see the IFRS 7 disclosure provided in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2013 entitled "Group Financial Risk Management."

Interest Rate Risk

Because it is exposed to fluctuations in interest rates primarily with regard to the measurement of debt service costs, the Edison Group assesses on a regular basis its exposure to the risk of changes in interest

rates and uses derivatives to hedge its positions. The Group's main interest rate exposure is to the Euribor.
A more detailed analysis of the interest rate risk is available in the disclosure provided pursuant to IFRS 7 in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2013 entitled "Group Financial Risk Management."

Credit Risk

The credit risk represents Edison's exposure to potential losses caused by the failure of commercial and financial counterparties to honor the commitments they have undertaken. The Edison Group's exposure to the credit risk is related to sales of electric power and natural gas, the investment of temporary excess liquidity and financial derivative positions.
To control this risk, the Group implemented procedures and activities that are described more in detail in the disclosure provided pursuant to IFRS 7 in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2013 entitled "Group Financial Risk Management."

Competitive Pressure

The energy markets in which the Group operates are subject to intense competition. Specifically, in the Italian electric market, Edison competes with other Italian and international producers and traders who sell electric power to industrial, commercial and residential customers. In order to address the risks entailed by its involvement in the domestic electric power market, the Group has been pursuing in recent years lines of action aimed mainly at developing a portfolio of customers in the deregulated segment of the market, consistent with a strategy of gradual downstream integration, geographic diversification, optimization of the production mix, and development of renewable energy sources.
In the Italian natural gas market, Edison is faced with an increase in competition from Italian and international operators, which has caused a steady erosion of natural gas sales margins. In addition, some foreign producers from countries with abundant hydrocarbon reserves are planning to sell natural gas directly to end customers in Italy. This threatens the market position of companies that, like Edison, resell to end customers natural gas that they buy in other countries. Moreover, in recent years, the natural gas market has been going through a phase of excess supply that developed due to a number of concomitant factors, including the full availability of new importation infrastructures started in previous years, an ample supply of LNG and the development of major reserves of non-conventional gas in the United States, which resulted in an increase in the availability of gas in an environment characterized by falling consumption.
Among the various actions taken to minimize the competitive pressure risk in the hydrocarbon area, a major contractual tool is the enforcement of clauses allowing the renegotiation of prices, based on changes in the benchmark energy scenario and market conditions, which are included in long-term natural gas supply contracts. In this respect, Edison successfully completed a first round of renegotiations of the existing contracts with all of its current suppliers of natural gas. The success of these negotiations made it possible to relieve over the near term the pressure on sales margins that the Group is continuing to experience in the natural gas area. More specifically, Edison closed with favorable awards the arbitration proceedings activate against its suppliers Sonatrach (first half of 2013) and RasGas and Eni (2012), in addition to the

settlements reached with Promgas in 2011 and with RasGas in 2013, to adjust the contract to the changed conditions of the Italian gas market.

Technological Innovation

Radical changes in the electric power generation technologies currently in use or under development could make them more competitive than the otherwise excellent technologies currently represented in the Group's production mix. In addition, changes to the regulatory framework could affect the order of preference for power generation facilities. To minimize these risks, Edison monitors on an ongoing basis the development of new technologies both in the electric power and the hydrocarbon sectors. The Company is also engaged in the assessment of innovative technologies in the fields of energy efficiency and generation from renewable sources. Additional information about activities in this area is provided in the section of this Report on Operations at June 30, 2013 entitled "Innovation, Research and Development."

Demand for Electric Power and Natural Gas

Generally, demand for electric power and natural gas is tied to changes in gross domestic product (GDP). Starting in the last quarter of 2008, the impact of the global economic crisis produced a drastic reduction in consumption both of electric power and natural gas. Demand for natural gas was particularly penalized due to a contraction in demand from thermoelectric and industrial users and a rebound to pre-crisis levels of demand is still quite uncertain.

The reduction in the overall level of demand for energy put significant pressure on sales margins, already adversely affected by the competitive pressure developments described in the preceding paragraph, particularly in the natural gas area, with a resulting possible impact on the Group's exposure to take-or-pay clauses in long-term contracts for the supply of natural gas. Under these clauses, Edison is required to take delivery each year of contractually determined volumes of natural gas or, should it fail to do so, pay the full amount, or a portion thereof, owed for the undelivered volumes up to the contractual minimum. However, under the take-or-pay clauses, Edison can take delivery of the abovementioned prepaid volumes in subsequent contract years. Based on internally developed forecasts, management believes that it will be able to take delivery, within the applicable contract terms, of the gas volumes prepaid at June 30, 2013, thereby recovering the cash advances paid, net of the finance charges associated with the abovementioned advances.

The national scenario continues to be characterized by the efforts necessary to rebalance the government's budget and by restrictive credit terms that are prolonging the recessionary period in Italy, which is expected to continue for the rest of 2013, with potentially negative consequences also for an upturn in energy consumption. A resurgence in the future of the negative trend in the demand for energy, or the possibility of Italy facing a period of slow growth, could have an impact in terms of lower sales volumes of electric power and natural gas by Edison and, consequently, reduce the Group's overall sales margins.

Among the activities carried out in this area, in addition to specific initiatives aimed at renegotiating the abovementioned long-term contract for the importation of natural gas (see the Competitive Pressure section above), the Group monitors both trends in electrical load and natural gas consumption (on a daily

basis) and the Italian and international macroeconomic scenario, based on the updates published by major economic and financial forecasting entities. This information is analyzed in order to spot, as early as possible, potential changes in electric power and natural gas demand trends and optimize the production scenario accordingly. In addition, the adoption of a strategy of commercial diversification makes it possible to counter, up to a point, the effects of an unfavorable market scenario.

Country Risk

The Edison Group operates in the international markets, focusing mainly on the Balkans and Southeast Europe, with some foreign branches that engage in the marketing of electric power. It is also present in Greece, where it produces and markets electric power through a joint venture with Hellenic Petroleum, its Greek partner. In addition, the Edison Group is active in hydrocarbon exploration and production, with a particularly important presence in Egypt, where it produces natural gas and crude oil as the operator of the Abu Qir offshore concession, and with smaller operations in the Ivory Coast and other countries. Because of its presence in these international markets, the Group is exposed to the so-called "country risk," i.e., a whole series of risks deriving mainly from political, economic, social, regulatory and financial differences compared with conditions in the country of origin. These risks can vary widely from those faced when operating exclusively in the domestic market and, consequently, can have a negative effect on the profitability and valuation of foreign investments.

Greece continues to be characterized by a difficult macroeconomic scenario, combined with ongoing uncertainty about the stability of the internal political environment. Nevertheless, the determination of the euro zone countries to keep Greece in the monetary union, through the decision of providing it with considerable financial aid, caused, at the end of 2012, the Standard and Poor's rating agency to raise the rating of Greece's long-term sovereign debt from "selective default" to B-, with stable outlook, thanks also to the Greek government's commitment to continue pursuing an adequate fiscal policy. More recently, the Fitch rating agency also raised its long-term rating to B- (with stable outlook), a decision that reflects the improved balance of the local economy, the progress made towards the elimination of the deficit and a decrease of the risk of exiting the Eurozone. It is worth mentioning that, in this context, the Group's Parent Company constantly monitors the stability of the regulatory framework of the Greek electric power market and, more specifically, the structure of the safeguard mechanism, which, since the last quarter of 2010, ensures the coverage of the costs of electric power production facilities. Despite the uncertainties in the overall macroeconomic environment, the Company is confident that, thanks to the aid package agreed upon with the European Union, the European Central Bank and the International Monetary Fund, coupled with the strict fiscal policies defined by the new Greek government, it should be possible to restore investor confidence and support for the Greek economy, leading to the country's recovery.

Egypt has been struggling in its pursuit of an institutional transition following the fall of Mubarak's regime, made more difficult by dissatisfaction with the newly elected President Morsi, which ultimately led to Morsi being deposed and replaced with Mansour as the interim successor and the resulting uncertainties inherent in the constitutional revision process. Egypt's persisting problems are the reason for the recent downgrade by Standard and Poor's, which cut Egypt's rating from B- to CCC+. According to the rating agency, the lack of a medium/long-term macroeconomic strategy to put public finances on a

path toward sustainability and avoid a balance of payment crisis is the reason for the downgrade. These negative factors are compounded by uncertainty about a possible agreement with the International Monetary Fund for the loan needed to revitalize the Egyptian economy. The recent replacement of Egypt's president could further delay any attempt to solve the most urgent problems, including a weak fiscal and debt position, the deterioration of reserves and the scarcity of foreign currency. In this environment, the potential repercussions on Edison's ability to continue operating under economically viable and safe conditions are being closely monitored by the Group's Parent Company. In any case, internal tensions had no impact at the operational level on natural gas and crude oil production from the Abu Qir concession, which, since the time of acquisition, has steadily generated positive economic results and steadily rising production volumes.

Process Risks

Operational Risk

Edison's core businesses include building and managing technologically complex facilities for the production of electric power and hydrocarbons that are interconnected along the entire length of the value chain. The risk of losses or damages can arise from the unexpected unavailability of one or more pieces of equipment or facilities of critical importance for the production process caused by damaging events, including material damages to the equipment or specific components of it, that cannot be fully covered or transferred by means of insurance policies.
Therefore, Edison pursues an industrial risk management policy that includes risk prevention and control activities, the adoption specific security standards developed by international recognized entities, such as the National Fire Protection Association (NFPA) and Factory Mutual (FM), implementation of the upgrades required by national laws and local entities with regulatory authority over such issues, and frequently scheduled equipment overhauls, contingency planning, inventory management and maintenance activities. When appropriate, an effective industrial insurance and expert evaluation strategy that includes the use of Erection All-Risk, Property All-Risk and Exploration and Production policies that also provide coverage for indirect damages or delays in the availability of new facilities can help minimize the potential consequences of such damage events.
Additional information about the management of environmental and occupational safety risks is provided in the section of this Report on Operations at June 30, 2013 entitled "Health, Safety and the Environment."

Information Technology

The Group's operations are supported by complex information systems, specifically with regard to the technical, commercial and administrative areas. Risks issues also exist with regard to the adequacy of these systems and the integrity and confidentiality of data and information. The continuous development of IT solutions to support business activities, the adoption of strict security standards and of authentication and profiling systems help mitigate these risks. In addition, to limit the risk of activity interruption caused by a system fault, Edison has adopted a high reliability hardware and software configuration for those applications that support critical activities. Specifically, with regard to the services provided by the

outsourcer, a study for transforming the current disaster recovery service into a business continuity service that will guarantee the continuity of processes even in case of a disaster event at the main data processing center was completed during the year and the technical solution, which is now being implemented, was identified.

Liquidity

Managing the liquidity risk means addressing the risk that the Company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. Insofar as the strategic objectives of liquidity risk management are concerned, the process of integrating Edison and its subsidiaries with EDF, its reference shareholder, was completed during the first half of 2013. Inter alia, the adopted system entails a centralized cash management system that will provide Edison with flexibility for its own short-term cash needs and those of its consolidated subsidiaries, while optimizing the management of daily cash surpluses and needs. As part of this integration process with EDF, the Group prepared a medium/long-term refinancing plan that will provide coverage for all the financial needs contemplated in the expenditure plan.

A more detailed analysis of this risk is available in the disclosure provided pursuant to IFRS 7 in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2013 entitled "Group Financial Risk Management."

Strategy and Planning Risks

Investments in Development and Acquisitions

The development of the core businesses of the Edison Group must be supported with direct investments (internal growth) and acquisitions.

Insofar as direct investments in the electric power sector are concerned, the Edison Group is constantly engaged in programs to develop new power plants and upgrade older facilities in order to increase their profitability, efficiency and operating flexibility. In addition, the average age of the thermoelectric power plants in Edison's portfolio of production facilities is quite low, because in recent years the Group completed an ambitious program to expand electric power generating capacity in Italy. Moreover, also in the areas of electric power distribution and production, the Group is engaged in the development of investments outside Italy, focusing on the Balkans and Southeast Europe.

As a result of these activities, the Edison Group is exposed to permit risks; risks of delays in the construction and launch of commercial activity of new projects; risk of increases in operating, materials and service costs; risks related to new developments in existing technologies; and risks related to changes in the political and regulatory framework in some of the foreign countries where it operates or plans to operate in the future (see the "Country Risk" section above).

As for direct investments in the hydrocarbon sector, the Group is engaged in exploration, development and production in the natural gas and crude oil areas, with the aim of increasing its hydrocarbon reserves and develop its asset portfolio as an integrated energy operator, while pursuing projects for the development of gas storage fields and thus increase the reliability of Italy's gas system.

With regard to the hydrocarbon development and production activities, in addition to the remarks provided above concerning investments made to develop the electric power operations and the considerations about country risk (disclosed in a special section of this chapter), please note that they are typically subject to uncertainties with regard to estimates of proven reserves, projections of future production rates and the timing of development investments, due to the fact that estimates of proven reserves depend on a long series of factors, assumptions and variables. Moreover, between the exploration phase and the start of subsequent phases involving the development and commercial exploitation of the discovered hydrocarbon reserves there is usually a significant time lag needed to assess the commercial viability of the discovered hydrocarbon deposits, authorize the development project and build and put into service the necessary equipment (time to market). During this time period, a project's profitability can be affected by volatility in oil and gas prices and by the variability of development and production costs.

Moreover, future hydrocarbon production levels will depend on the Group's ability to access new reserves through new discoveries made possible by its exploration activities, the success of its development activities and its ability to negotiate concession agreements with the countries that possess known hydrocarbon reserves.

Additional investment and some carefully selected divestments, implemented as part of a strategy to streamline the overall portfolio, are planned for the future to support the growth of the Group's core businesses both in the electric power sector and the hydrocarbons area. As mentioned above, this development strategy also calls for expansion of the Group's international operations outside the European Union, in countries where Edison is already present, but where the political, social and economic environment could be less stable.

As for the strategy of growth through acquisitions, its success is predicated on Edison's ability to identify and seize opportunities available in the market to acquire assets or companies that could help the growth of the Group's core businesses at an acceptable cost. In this area, there can be no absolute guarantee that Edison will be able to achieve the benefits initially expected from such transactions. Specifically, this could result from an ineffective integration of the acquired assets or from losses and costs not originally anticipated. Moreover, acquisition also entail the financial risk of being unable to cover purchasing costs, due to the occurrence of a protracted weakness in prices and the benchmark scenario.

In order to minimize these risks, Edison adopted a series of internal processes to monitor the research and assessment phases of investment initiatives. In addition to requiring the use of appropriate written procedures, these processes require the use of due diligence activities, binding contracts, multilevel internal authorization processes, project risk assessment activities and strict project management and project control activities.

Policies and Management Tools Adopted by the Group

Energy Risk Policy

Governance

Pursuant to the rules governing Energy Risks Management, risk limits, stated in terms of economic capital, may be approved exclusively by the Board of Directors together with the budget.
The Control and Risk Committee defines the policies, monitors risk levels, approves hedging strategies and defines any subsets of risk limits.
Consistent with the need to establish a clear separation of functions, the Risk Office, which reports to the CFO, prepares the items on the agenda of Control and Risk Committee meetings and monitors compliance with limits and the results of financial hedges, while the Front Office, which reports to the manager of the Energy Management BU, executes transactions in the financial markets, striving to optimize their structure, timing and counterparties.

Financial Hedges

One of the objectives of the Group's risk management activity is to stabilize the cash flows generated by the existing portfolio of assets and contracts and use strategic hedging to protect the Group's industrial margins from fluctuations caused by the effect of the price risk and the foreign exchange risk (as defined above in the Risk Factors section of this chapter) on the commodities handled.
Strategic hedging is carried out by means of financial hedges that are activated gradually during the year, based on market trends and changes in projections of the volumes of physical buy and sell contracts and the production of the Group's assets.
The gradual implementation of strategic hedging helps minimize the execution risk, which refers to the possibility that all hedges will be activated during an unfavorable market phase, the volume risk, which is related to the variability of the underlying items that require hedging based on the best volume projections, and the operational risk, which is related to implementation errors.
Moreover, the Group's policy is designed to minimize the use of financial markets for hedging purposes by maximizing the benefits of the vertical and horizontal integration of its different business segments.
Accordingly, the Group makes it a planning priority to physically balance the volumes of physical energy commodities that it will sell in the market on the different due dates, using for this purpose the production assets it owns and its portfolio of medium/long-term contracts and spot contracts.
In addition, the Group pursues a strategy designed to homogenize sources and physical uses, so that the formulas and indexing mechanisms that determine the revenues generated by the sale of energy commodities reflect as much as possible the formulas and indexing mechanisms that govern the costs that the Group incurs to purchase energy commodities in market transactions and to supply its production assets.
To manage the price and foreign exchange risk on the remaining exposure of its portfolio of assets and contracts, the Group can use structured hedges executed in the financial markets in accordance with a cash flow hedging strategy.

Financial hedges can also be established in response to specific requests by individual business units to lock in, with operational hedging, the margin earned on a single transaction or a limited number of related transactions.

Enterprise Risk Management Policy

The ERM Process and Assessments of the Impact on Margins-Objectives

The Enterprise Risk Management process is carried out concurrently with the development of the Budget and Strategic Plan by means of a Risk Self-Assessment process, the results of which are presented on predetermined dates at meetings of the Control and Risk Committee and the Board of Directors. In this case as well, the model is based on information provided by the individual operating units and departments, each of which, limited to the areas under its jurisdiction, prepared a map of the existing risks based on three parameters that measure their overall impact, the probability of occurrence and the level of control.

The overall results for the first six months of 2013 are reviewed in the Risk Factors section of this Report.

A coordinator is designated for each of the mapped priority risks and specific mitigating actions are identified and codified within predefined classes of actions. Regular updates are performed during the year to review the results of the selected mitigating actions and assess their potential impact.

Provisions for Risks and Charges

In addition to the disclosures provided above concerning risk management and mitigation activities, whenever it incurs current obligations arising from past events, which can be of a legal or contractual nature or implied by Company declarations or conduct such as to create in a third party a valid expectation that the Company will be responsible or assume responsibility for the performance of an obligation, the Edison Group sets aside appropriate amounts in special provisions for risks and charges, which are shown among the liabilities on the balance sheet (see also the Notes to the Consolidated Semiannual Financial Statements). Specifically, in the normal course of business, Group companies have become parties to judicial proceedings and tax disputes, a description of which is provided in the section entitled "Status of the Main Legal and Tax Disputes Pending at June 30, 2013," within the "Commitments and Contingent Risks" chapter of the Condensed Consolidated Semiannual Financial Statements.

Other Information

Pursuant to Article 2428 of the Italian Civil Code, the Company provides the following disclosure:

- At June 30, 2013, it did not hold treasury shares or shares of its parent company, either directly or indirectly through nominees or other third parties. No transactions involving treasury shares or shares of the parent company were executed during the period, either directly or indirectly through nominees or other third parties.
- In first half of 2013, the Group executed significant transactions with related parties, a description of which is provided in the section of the Condensed Consolidated Semiannual Financial Statements entitled "Intercompany and Related-Party Transactions."
- No secondary registered offices have been established.

The Company chose to avail itself of the options provided under Article 70, Section 8, and Article 71, Section 1-*bis,* of the Issuers' Regulations. Consequently, it is not complying with the requirement to make available to the public an Information Memorandum in connection with significant transactions involving mergers, demergers, capital increases through conveyances of assets in kind, acquisitions and divestments.

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CONDENSED CONSOLIDATED SEMIANNUAL FINANCIAL STATEMENTS

at June 30, 2013

Income Statement

2012 full year (*)		(in millions of euros)		1st half 2013		1st half 2012 (*)	
	of which related parties		*See Note*		**of which related parties**		of which related parties
12,014	114	Sales revenues	*1*	6,248	170	5,809	88
830	8	Other revenues and income	*2*	468	1	230	6
12,844	**122**	**Total net revenues**		**6,716**	**171**	**6,039**	**94**
(11,523)	(249)	Raw materials and services used (-)	*3*	(5,936)	(124)	(5,630)	(145)
(218)		Labor costs (-)	*4*	(110)		(108)	
1,103		**EBITDA**	*5*	**670**		**301**	
(6)		Net change in fair value of commodity derivatives	6	(18)		5	
(868)		Depreciation, amortization and writedowns (-)	*7*	(297)		(356)	
229		**EBIT**		**355**		**(50)**	
(121)		Net financial income (expense)	*8*	(41)	(1)	(49)	
6	2	Income from (Expense on) equity investments	*9*	2		2	
(37)		Other income (expense), net	*10*	(27)		(21)	
77		**Profit (Loss) before taxes**		**289**		**(118)**	
(41)		Income taxes	*11*	(144)		18	
36		**Profit (Loss) from continuing operations**		**145**		**(100)**	
50		Profit (Loss) from discontinued operations	*12*	-		50	
86		**Profit (Loss)**		**145**		**(50)**	
		Broken down as follows:					
5		Minority interest in profit (loss)		(7)		(1)	
81		**Group interest in profit (loss)**		**152**		**(49)**	
		Earnings (Loss) per share (in euros)	*13*				
0.0147		Basic earnings (loss) per common share		0.0281		(0.0100)	
0.0447		Basic earnings per savings share		0.0581		0.0250	
0.0147		Diluted earnings (loss) per common share		0.0281		(0.0100)	
0.0447		Diluted earnings per savings share		0.0581		0.0250	

(*) 2012 amounts reflect the application of IAS 19 revised.

Other Components of the Comprehensive Income Statement

2012 full year (*)	(in millions of euros)	*See Note*	**1st half 2013**	1st half 2012 (*)
86	**Profit (Loss)**		**145**	**(50)**
	Other components of comprehensive income:			
(8)	**A) Change in the Cash Flow Hedge reserve**	*25*	**(13)**	**17**
(16)	- Gains (Losses) arising during the period		(22)	27
8	- Income taxes (-)		9	(10)
4	**B) Change in reserve for available-for-sale investments**	*25*	**(4)**	**-**
4	- Gains (Losses) arising during the period not realized		(4)	-
-	- Income taxes (-)		-	-
(6)	**C) Differences on the translation of assets in foreign currencies**		**-**	**4**
-	**D) Pro rata interest in other components of comprehensive income of investee companies**		-	-
-	**E) Actuarial gains (losses) (*)(**)**		**(2)**	-
-	- Actuarial gains (losses)		(2)	-
-	- Income taxes (-)		-	-
(10)	**Total other components of comprehensive income net of taxes (A+B+C+D+E)**		**(19)**	**21**
76	**Total comprehensive profit (loss)**		**126**	**(29)**
	Broken down as follows:			
5	Minority interest in comprehensive profit (loss)		(7)	(1)
71	**Group interest in comprehensive profit (loss)**		**133**	**(28)**

(*) 2012 amounts reflect the application of IAS 19 revised.
(**) Items not reclassificable in Income Statement.

Balance Sheet

06.30.2012 (*)	of which related parties	(in millions of euros)	See Note	**06.30.2013**	**of which related parties**	12.31.2012 (*)	of which related parties
		ASSETS					
4,996		Property, plant and equipment	14	4,664		4,786	
10		Investment property	15	9		9	
3,231		Goodwill	16	3,231		3,231	
992		Hydrocarbon concessions	17	906		948	
120		Other intangible assets	18	105		105	
51	51	Investments in associates	19	50	50	51	51
193		Available-for-sale investments	19	183		194	
78		Other financial assets	20	69		75	
132		Deferred-tax assets	21	178		145	
124		Other assets	22	497		108	
9,927		**Total non-current assets**		**9,892**		**9,652**	
365		Inventories		315		390	
3,330	47	Trade receivables		3,625	44	3,391	53
28		Current-tax assets		19		25	
677	145	Other receivables		573	148	562	83
114		Current financial assets		97		99	
453		Cash and cash equivalents		516	236	753	
4,967		**Total current assets**	23	**5,145**		**5,220**	
1		**Assets held for sale**	24	**1**		**1**	
-		**Eliminations of assets from and to discontinued operations**		**-**		**-**	
14,895		**Total assets**		**15,038**		**14,873**	
		LIABILITIES AND SHAREHOLDERS' EQUITY					
5,292		Share capital		5,292		5,292	
1,692		Reserves and retained earnings (loss carryforward)		1,752		1,693	
20		Reserve for other components of comprehensive income		(30)		(11)	
(49)		Group interest in profit (loss)		152		81	
6,955		**Total shareholders' equity attributable to Parent Company shareholders**		**7,166**		**7,055**	
141		Shareholders' equity attributable to minority shareholders		118		132	
7,096		**Total shareholders' equity**	25	**7,284**		**7,187**	
35		Provision for employee severance indemnities and provisions for pensions	26	36		35	
169		Provision for deferred taxes	27	77		79	
915		Provisions for risks and charges	28	898		863	
1,795		Bonds	29	1,797		1,796	
265		Long-term financial debt and other financial liabilities	30	1,291	1,193	174	
29		Other liabilities	31	30		31	
3,208		**Total non-current liabilities**		**4,129**		**2,978**	
107		Bonds		100		104	
1,663	15	Short-term financial debt		341	20	1,461	16
2,114	41	Trade payables		2,308	36	2,440	78
26		Current taxes payable		45		11	
681	113	Other liabilities		831	200	692	123
4,591		**Total current liabilities**	32	**3,625**		**4,708**	
-		**Liabilities held for sale**		**-**		**-**	
-		**Eliminations of liabilities from and to discontinued operations**		**-**		**-**	
14,895		**Total liabilities and shareholders' equity**		**15,038**		**14,873**	

(*) 2012 amounts reflect the application of IAS 19 revised.

Cash Flow Statement

The table below analyzes the **cash flow** as it applies to short-term liquid assets (i.e., due within 3 months) in the first half of 2013. In order to provide a better understanding of the Group's cash generation and utilization dynamics, the information provided below is supplemented by the data presented in a separate statement, included in the Report on Operations, which shows the changes in the Group's net financial debt.

2012 full year (*)	of which related parties		(in millions of euros)	See Note	1st half 2013	of which related parties	1st half 2012 (*)	of which related parties
77			**Profit (Loss) before taxes**		**289**		**(118)**	
868			Depreciation, amortization and writedowns	7	297		356	
14			Net additions to provisions for risks		7		73	
(2)	(2)		Interest in the result of companies valued by the equity method (-)		-		(2)	
1	1		Dividends received from companies valued by the equity method		1	1	1	1
1			(Gains) Losses on the sale of non-current assets		1		1	
(1)			Change in the provision for employee severance indemnities and provisions for pensions	26	(2)		(1)	
13			Change in fair value recorded in EBIT		4		(12)	
(294)	11		Change in operating working capital		(291)	(33)	(534)	(20)
115			Financial income (expense)	8	52	(1)	65	
(93)			Net financial expense paid		(47)		(47)	
(190)			Income taxes paid		(67)		(90)	
45	67		Change in other operating assets and liabilities		(348)	12	20	(5)
554		**A.**	**Cash flow from continuing operations**		**(104)**		**(288)**	
(459)			Additions to intangibles and property, plant and equipment (-)	14-18	(111)		(213)	
-			Additions to non-current financial assets (-)		-		-	
(2)			Price paid on business combinations (-)		-		-	
6			Proceeds from the sale of intangibles and property, plant and equipment		-		4	
684	684		Proceeds from the sale of non-current financial assets		-		684	684
8			Repayment of capital contribution by non-current financial assets		2		3	
529			Change in other current financial assets		2		514	
766		**B.**	**Cash used in investing activities from continuing operations**		**(107)**		**992**	
603			Receipt of new medium-term and long-term loans	29, 30, 32	1,547	1,193	403	
(1,323)			Redemption of medium-term and long-term loans (-)	29, 30, 32	(1,520)		(803)	
(110)	1		Change in short-term net financial debt		(33)	5	(135)	
(14)			Distribution of shareholders' equity and reserves (-)		-		-	
(14)			Dividends paid to controlling companies or minority shareholders (-)		(20)		(7)	
(858)		**C.**	**Cash used in financing activities from continuing operations**		**(26)**		**(542)**	
-		**D.**	**Cash and cash equivalents from changes in the scope of consolidation**		**-**		**-**	
-		**E.**	**Net currency translation differences**		**-**		**-**	
462		**F.**	**Net cash flow for the period from continuing operations (A+B+C+D+E)**		**(237)**		**162**	
(35)		**G.**	**Net cash flow for the period from discontinued operations**		**-**		**(35)**	
427		**H.**	**Net cash flow for the period (continuing and discontinued operations) (F+G)**		**(237)**		**127**	
291		**I.**	**Cash and cash equivalents at the beginning of the year from continuing operations**		**753**		**291**	
35		**L.**	**Cash and cash equivalents at the beginning of the year from discontinued operations**		**-**		**35**	
753		**M.**	**Cash and cash equivalents at the end of the period (continuing and discontinued operations) (H+I+L)**		**516**		**453**	
-		**N.**	**Cash and cash equivalents at the end of the period from discontinued operations**		**-**		**-**	
753		**O.**	**Cash and cash equivalents at the end of the period from continuing operations (M-N)**		**516**	236	**453**	

(*) 2012 amounts reflect the application of IAS 19 revised.

Changes in Consolidated Shareholders' Equity

(in millions of euros)	Share capital	Reserves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income					Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders	Total shareholders' Equity
			Cash Flow Hedge reserve	Reserve for available-for-sale investments	Differences on the translation of assets in foreign currencies	Interest in other components of comprehensive income of investee companies	Actuarial gains (losses) (*)				
Balance at December 31, 2011	**5,292**	**2,568**	**(8)**	**-**	**7**	**-**	**-**	**(871)**	**6,988**	**158**	**7,146**
Appropriation of the previous year's profit (loss)	-	(871)	-	-	-	-	-	871	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	(16)	*(16)*
Other changes	-	(5)	-	-	-	-	-	-	*(5)*	-	*(5)*
Total comprehensive profit (loss)	-	-	17	-	4	-	-	(49)	*(28)*	(1)	*(29)*
of which: - Change in comprehensive income for the period	-	-	17	-	4	-	-	-	*21*	-	*21*
- Profit (Loss) from 01.01.2012 to 06.30.2012	-	-	-	-	-	-	-	(49)	*(49)*	(1)	*(50)*
Balance at June 30, 2012	**5,292**	**1,692**	**9**	**-**	**11**	**-**	**-**	**(49)**	**6,955**	**141**	**7,096**
Dividends and reserves distributed	-	-	-	-	-	-	-	-	-	(14)	*(14)*
Other changes	-	1	-	-	-	-	-	-	*1*	-	*1*
Total comprehensive profit (loss)	-	-	(25)	4	(10)	-	-	130	*99*	5	*104*
of which: - Change in comprehensive income for the period	-	-	(25)	4	(10)	-	-	-	*(31)*	-	*(31)*
- Profit (Loss) from 07.01.2012 to 12.31.2012	-	-	-	-	-	-	-	130	*130*	5	*135*
Balance at December 31, 2012	**5,292**	**1,693**	**(16)**	**4**	**1**	**-**	**-**	**81**	**7,055**	**132**	**7,187**
Appropriation of the previous year's profit (loss)	-	81	-	-	-	-	-	(81)	-	-	-
Dividends distributed	-	(17)	-	-	-	-	-	-	*(17)*	(7)	*(24)*
Other changes	-	(5)	-	-	-	-	-	-	*(5)*	-	*(5)*
Total comprehensive profit (loss)	-	-	(13)	(4)	-	-	(2)	152	*133*	(7)	*126*
of which: - Change in comprehensive income for the period	-	-	(13)	(4)	-	-	(2)	-	*(19)*	-	*(19)*
- Profit (Loss) from 01.01.2013 to 06.30.2013	-	-	-	-	-	-	-	152	*152*	(7)	*145*
Balance at June 30, 2013	**5,292**	**1,752**	**(29)**	**-**	**1**	**-**	**(2)**	**152**	**7,166**	**118**	**7,284**

(*) The amounts reflect the application of IAS 19 revised.

NOTES TO THE CONDENSED CONSOLIDATED SEMIANNUAL FINANCIAL STATEMENTS AT JUNE 30, 2013

Content and Presentation

The Edison Group's Condensed Consolidated Semiannual Financial Statements at June 30, 2013 was prepared in accordance with Article 154-ter of Legislative Decree No. 58 of February 24, 1998, as amended, and the interim financial disclosures it provides are consistent with the provisions of IAS 34 "Interim Financial Reporting". The abovementioned report is consistent with the requirements of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as published in the Official Journal of the European Union (O.J.E.U.).

Methods applied to the Preparation of the Condensed Semiannual Financial Statements

It is worth mentioning that the international accounting principles are consistent with those used for the Consolidated Financial Statements at December 31, 2012, and the following amendments and interpretations are applicable starting in 2013.

- Amended **IAS 19 "Employee Benefits."** The revised version of IAS 19 requires a different classification for actuarial gains and losses, which previously were recognized directly in profit or loss and now must be classified into "Other components of comprehensive income" and a special equity reserve. Because this amended accounting principle must be applied retrospectively, the data for the previous year were restated, starting on January 1, with a negative impact on "Group interest in net profit" less than one million euros.
- **IFRS 13 "Fair Value Measurement."** This new standard provides a single systematic reference framework for measuring fair value by updating the entire corpus of existing standards and interpretations regarding fair value measurement and disclosures.
  This principle is applicable prospectively, without need to restate comparative information and it has no relevant impact; in Edison's Group it mainly refers to valuations of Financial Instruments.
- **IFRS 7 "Financial Instruments: Disclosures" and IAS 32 "Financial Instruments: Presentation"**. They require the introduction of new quantitative disclosures about offsetting arrangements and their effects, if any, on the statement of financial position.
- **IAS 1 "Presentation of Financial Statements"** was revised to provide a clearer presentation of the line item "Other components of comprehensive income (OCI)" by showing separately components that later may or may not be reclassified into the Income Statement.
- **IFRS 1** modified "**First-time Adoption of IFRS**": it establishes some cases, different from the first application of IFRS, in which the company is forced to apply this principle, or to

apply the principles retrospectively in accordance with IAS 8 "Accounting Policies, Changes in accounting Estimates and Errors" (currently not applicable in Edison Financial Statements).

- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine."** This interpretation provides guidance about the initial and subsequent valuation of an asset resulting from a stripping project (currently not applicable in Edison Financial Statements).

The Group did not apply early adoption for the following principles and interpretation that are not mandatory for 2013: **IFRS 10 "Consolidated Financial Statements"**, **IFRS 12 "Disclosure of Interests in Other entities"**, **IAS 27 amended "Separate Financial Statements"** and **IAS 28 amended "Investments in Associates and Joint Ventures**. Furthermore the application of **IFRS 11 "Joint Arrangements"** (which partially replaces IAS 31) involves the deconsolidation of some joint entity with a not material impact on the Financial Statement of the Group.

An amendment to **"IAS 32 Financial Instruments: Presentation"** is also applicable starting in 2014, concerning the criteria for offsetting of financial assets and liabilities.

Use of Estimated Values

The preparation of the Condensed Consolidated Semiannual Financial Statements at June 30, 2013 and the accompanying notes requires the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities. The actual results that will arise upon the occurrence of the relevant events could differ from these estimates.
The estimates and assumptions used are revised on an ongoing basis, and the impact of any such revision is immediately recognized in the income statement.
The use of estimates is particularly significant for the following items:

- Amortization and depreciation (assets with a finite useful life) of property, plant and equipment and intangible assets and impairment test. More detailed information about impairments test is provided in the Section of Notes entitled "Impairment Test in accordance with IAS 36 applied to the Value of Goodwill, Property, Plant and Equipment and Other Intangibles", in the Consolidated Financial Statements at December 31, 2012.
- Valuation of derivatives and financial instruments in general. Please refers to the Consolidated Financial Statements at December 31, 2012, in the paragraph entitled "Valuation Criteria - Financial instruments" in the section entitled "Accounting Principles and Consolidation Criteria" and in the paragraph "Analysis of Forward Transactions and Derivatives" , included in this report, of the following section entitled "Group Financial Risks Management", which should be also consulted for more information about the method of valuation of fair value and manage inherent risks in connection with energy commodities, foreign exchange rates and interest rates;
- Measurement of certain sales revenues, of the provisions for risks and charges, of the allowances for doubtful accounts and other provisions for writedowns, of employee benefits and of income taxes. In these cases, the estimates used are the best possible estimates, based on available information and by the contribution of an independent appraiser.

- Advances paid under long-term natural gas supply contracts for gas volumes (take-or-pay): These are amounts paid when the Company is unable to take delivery of the scheduled minimum annual quantities. These advance payments, which constitute deferred charges, are recognized as "Other Assets" pursuant to IAS 38. The recognized amount is maintained after ascertaining that: a) over the residual duration of the contract, the Company estimates that it will be able to recover the volumes below the contractual minimum (quantitative valuation); and b) the Company believes that the contracts entail, over their entire residual lives, expected positive net cash flows based on approved Company plans (economic valuation). Advances are reclassified to inventory only when the Company actually takes delivery of the gas or are recognized in profit or loss as penalties when it is unable to take delivery of the gas. With regard to the valuation of the gas inventory, estimates of the net realizable value are based on the best price estimates available at the time of valuation, taking into account the target market. These estimates could consider, as a price adjustment, if applicable, any contractual renegotiations on a three-year basis of the price of delivered natural gas.

The publication of the Condensed Consolidated Semiannual Financial Statements at June 30, 2013 was authorized by the Board of Directors on July 29, 2013. The Condensed Consolidated Semiannual Financial Statements were the subject of a limited audit by Deloitte & Touche Spa in accordance with an assignment awarded by the Shareholders' Meeting of April 26, 2011 for a period of nine years (2011-2019), pursuant to Legislative Decree No. 39 of January 27, 2010.

Unless otherwise stated, all amounts in these accompanying notes are in million euros.

Comparability

The adoption of IAS 19 *Revised* required a restatement of the 2012 comparable data, with reclassification of net actuarial gains from "Net profit" to "Reserve for other components of comprehensive income," which had an impact of less than 1 million euros.

Changes in the Scope of Consolidation Compared with December 31, 2012

The changes in the Group's scope of consolidation that occurred in 2013 included:

Electric Power Operations:

- liquidation of **Ecofuture Srl**, a wholly owned subsidiary of Edison Spa, previously consolidated line by line;
- In March, disposal of **Sondel Dakar Bv**, a wholly owned subsidiary of Edison International Holding Nv consolidated line by line, and disposal of GTI Dakar Ltd, valued by equity method, in which Sondel Dakar Bv held a 30% interest. The positive economic and financial effects of the disposal of both subsidiaries amounted to less than one million euros;
- the establishment of **Edison Spa Energy Solutions**, that is 100% owned by Edison Energia Spa and fully consolidated. The company is engaged in the business of energy efficiency.

Financial Highlights for the first half of 2013 of Companies Consolidated by the Proportional Method

(Amounts in millions of euros, prorated based on the percentage interest held)	Sel Edison Spa	Ibiritermo Sa	Parco Eolico Castelnuov	ED-Ina D.O.O.	Elpedison Bv	Elpedison Power Sa	Elpedison Energy Sa	Kinopraxia Thisvi	Abu Qir Petroleum Company	IGI Poseidon Sa	ICGB Ad	Fayoum Petroleum Co
% of proportional consolidation	42.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	65.00%	50.00%	50.00%	25.00%	30.00%
% interest held by the Group	42.00%	50.00%	50.00%	50.00%	50.00%	37.89%	50.00%	65.00%	50.00%	50.00%	25.00%	30.00%
INCOME STATEMENT												
Sales revenues	6	-	-	1	-	72	15	-	-	-	-	-
EBITDA	**3**	**-**	**-**	**-**	**-**	**12**	**-**	**-**	**-**	**(1)**	**-**	**-**
as a % of sales revenues	*50.0%*	*n.a.*	*n.a.*	*n.m.*	*n.a.*	*16.7%*	*n.m.*	*n.a.*	*n.a.*	*n.m.*	*n.a.*	*n.a.*
Depreciation, amortization and writedowns (-)	(2)	-	-	-	-	(6)	-	-	-	-	-	-
EBIT	**1**	**-**	**-**	-	**-**	**6**	**-**	**-**	**-**	**(1)**	**-**	**-**
Profit (Loss)	**1**	**4**	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**(1)**	**-**	**-**
of which minority interest in profit (loss)	-	-	-	-	-	-	-	-	-	-	-	-
BALANCE SHEET												
Total assets	**47**	**73**	**1**	**1**	**62**	**256**	**9**	**-**	**2**	**12**	**2**	**-**
Shareholders' equity	**35**	**21**	**1**	**-**	**62**	**41**	**1**	**-**	**-**	**9**	**2**	**-**
of which attributable to minority shareholders	-	-	-	-	-	12	-	-	-	-	-	-
Net financial debt (financial assets)	**7**	**(41)**	**-**	**-**	**-**	**143**	**(1)**	**-**	**(2)**	**(2)**	**(1)**	**-**

SEGMENT INFORMATION

The segments, as identified by the Group in accordance with IFRS 8, correspond to the Electric Power Operations, the Hydrocarbons Operations and Corporate Activities and Other Segments, as a residual sector. This segment information disclosure is based on the same structure used for the reports that are periodically analyzed by the Board of Directors to manage the Group's business activities and for management reporting, planning and control purposes.

INCOME STATEMENT	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Discontinued Operations*		*Adjustments*		*EDISON GROUP*	
(in millions of euros)	*1st half 2013*	*1st half 2012*	*1st half 2013*	*1st half 2012*	*1st half 2013*	*1st half 2012*	*1st half 2013*	*1st half 2012*	*1st half 2013*	*1st half 2012*	*1st half 2013*	*1st half 2012*
Sales Revenues	3,631	3,217	3,047	3,391	24	25	-	-	(454)	(824)	6,248	5,809
- third parties sales revenues	3,624	3,212	2,622	2,593	4	4			(2)	-	6,248	5,809
- Intra-Group sales revenues	7	5	425	798	20	21			(452)	(824)	-	-
EBITDA	358	255	360	99	(48)	(53)	-	-	-	-	670	301
as a % of sales revenues	*9.9%*	*7.9%*	*11.8%*	*2.9%*	*n.m.*	*n.m.*					*10.7%*	*5.2%*
Net change in Fair Value of Commodity derivatives	(14)	4	(4)	1	-	-	-	-	-	-	(18)	5
Depreciation, amortization and writedowns	(178)	(171)	(115)	(177)	(4)	(8)	-	-	-	-	(297)	(356)
EBIT	166	88	241	(77)	(52)	(61)	-	-	-	-	355	(50)
as a % of sales revenues	*4.6%*	*2.7%*	*7.9%*	*(2.3%)*	*n.m.*	*n.m.*					*5.7%*	*(0.9%)*
Net financial income (expense)											(41)	(49)
Interest in result of companies valued by equity method											-	2
Income taxes											(144)	18
Profit (Loss) from continuing operations											145	(100)
Profit (Loss) from discontinued operations							-	50			-	50
Minority interest in profit (loss)											(7)	(1)
Group interest in profit (loss)											152	(49)

BALANCE SHEET	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Discontinued Operations*		*Adjustments*		*EDISONGROUP*	
(in millions of euros)	*06.30.2013*	*12.31.2012*	*06.30.2013*	*12.31.2012*	*06.30.2013*	*12.31.2012*	*06.30.2013*	*12.31.2012*	*06.30.2013*	*12.31.2012*	*06.30.2013*	*12.31.2012*
Total assets	8,864	8,759	6,089	5,689	5,072	5,130	1	1	(4,988)	(4,706)	15,038	14,873
Total liabilities	3,714	3,476	3,416	3,493	4,438	4,230	-	-	(3,814)	(3,513)	7,754	7,686
Net Financial Debt							-	-			2,852	2,613

OTHER INFORMATION	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Discontinued Operations*		*Adjustments*		*EDISONGROUP*	
(in millions of euros)	*1st half 2013*	*1st half 2012*	*1st half 2013*	*1st half 2012*	*1st half 2013*	*1st half 2012*	*1st half 2013*	*1st half 2012*	*1st half 2013*	*1st half 2012*	*1st half 2013*	*1st half 2012*
Capital expenditures	17	23	61	98	1	-	-	-	-	-	79	121
Investments in exploration	-	-	28	56	-	-	-	-	-	-	28	56
Investments in intangibles	-	-	4	36	-	-	-	-	-	-	4	36
Total capital investments	17	23	93	190	1	-	-	-	-	-	111	213

	Electric Power Operations		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Discontinued Operations*		*Adjustments*		*EDISONGROUP*	
	06.30.2013	*12.31.2012*	*06.30.2013*	*12.31.2012*	*06.30.2013*	*12.31.2012*	*06.30.2013*	*12.31.2012*	*06.30.2013*	*12.31.2012*	*06.30.2013*	*12.31.2012*
Number of employees	1,218	1,229	1,410	1,369	624	650	-	-	-	-	3,252	3,248

Thus far, the Group has not viewed **geographic area** segment information as meaningful, since it is mainly located and active in Italy. However, over the past years, the Group began to expand its international operations essentially through acquisitions and, at the end of the period, net non-current assets held totaled 1,518 million euros, including 1,353 million euros for assets of the Hydrocarbons Operations, the largest component of which was located in Egypt, and 165 million euros for assets of the Electric Power Operations, mainly in Greece for thermoelectric power activities. At June 30, 2013, the contribution of foreign operations accounted for about 15% net invested capital.

It is also worth mentioning the well performance in the Exploration & Production business, that at June 30, 2013 gives the contribution described in the table below:

INCOME STATEMENT (in millions of euros)	***1st half 2013***	*1st half 2012*
Sales Revenues	**319**	**347**
EBITDA	**214**	**238**
as a % of sales revenues	*67.1%*	*68.6%*
EBIT	**111**	**72**
as a % of sales revenues	*34.8%*	*20.7%*

As for the disclosure about the so-called "**major customers**", the Group's sales are generally non concentrated, except for the Electric Power Operations, where one major customer, as defined by IFRS 8, generated sales revenues totaling 604 million euros in the period, equal to 16.6% of the total sales revenues of Electric Power Operations and to 9.7% of the total sales revenues of the Group.

NOTES TO THE INCOME STATEMENT

The first half of 2013, viewed in comparison with the same period last year, was characterized by concurrent contractions in national consumption of electric power (-3.9%; -3.3% on a seasonally adjusted basis) and in demand for natural gas (-7.1%), the latter due mainly to thermoelectric uses.
This situation, which is due to a worsening of the Italian economic crisis, exacerbated the negative effects of a continuing gas bubble situation and excess capacity in the electric power market, causing the pressure on margins to increase steadily. In natural gas market continued in Italy, the misalignment between the price of spot gas and the cost paid under long-term contracts, which are indexed to oil prices, where the latter is higher. On the other hand, a steady increase in production from renewable sources and from coal, coupled with falling demand, produced a supply overhang in the electric power market and a resulting compression of margins, particularly during peak hours.

In this scenario, Group **EBITDA** were positive by 670 million euros, compared with 301 million euros in the same period of last year, due to a positive performance both in Electric Power Operations and Hydrocarbons Operations.

In particular:

- The adjusted EBITDA[1] of the **Electric Power Operations** amounted to 369 million euros, for a gain of 54.4% compared with the same period of the previous year (239 million euros), when EBITDA were boosted by a net gain of 28 million euros recognized for the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant. This result is due to the improved hydroelectric generation (29.3%), thanks to an abundance of water resources, and to the optimization of the portfolio.
- The adjusted EBITDA[1] of the **Hydrocarbons Operations** amounted to 349 million euros, compared with the same period of last year (115 million euros), reflects the positive effects of the revision of the long-term contracts to import natural gas from Algeria and Qatar, and the substantially steady contribution of Exploration & Production activities. It is also worth mentioning that the Group is in the process of renegotiating other contracts to import natural gas with the aim of restoring the operating margins.

The **Group's interest in the net result** is positive by 152 million euros, compared with a loss of 49 million euros in first half of 2012. It is also worth mentioning that the results of the first half of 2012 benefited from Profit from Discontinued Operations (50 million euros), referred to the redefinition of

[1] Adjusted EBITDA reflect the reclassification of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas from the Hydrocarbons Operations, to the Electric Power Operations for the portion of gains or losses attributable to them (+11 million euros in first half 2013, -16 million euros in first half 2012), in order to provide an operational presentation of the Group's industrial results. The Adjusted EBITDA amount was not audited.

the sales price of Edipower Spa (80 million euros) and the negative margin attributable to Edipower's tolling operations.

In addition to this and to the effect of the industrial margins mentioned above, the results for the period primarily reflects the impact of the following factors:

- Writedowns of property, plant and equipment for 46 million euros, due to thermoelectric activities;
- A 73-million-euro reduction in depreciation and amortization, in particular:
  - a decrease (18 million euros) recognized by the **Electric Power Operations;**
  - lower exploration costs (28 million euros) recognized by the **Hydrocarbons Operations**;
- A reduction of 8 million euros in financial expense, mainly attributable to a decrease in net financial debt compared with the same period of 2012 mainly due to Edipower's disposal in May 2012 and to lower net foreign exchange gains on fuel procurement transactions.

1. Sales Revenues

Sales revenues totaled 6,248 million euros, or 7.6% more than the 5,809 million euros reported at June 30, 2012.

The table below provides a breakdown of sales revenues, which were booked for the most part in Italy:

(in millions of euros)	**1st half 2013**	1st half 2012	Change	% change
Revenues from the sales of:				
- Electric power	2,785	2,538	247	9.7%
- Natural gas	2,432	2,364	68	2.9%
- Steam	59	63	(4)	(6.3%)
- Oil	95	138	(43)	(31.2%)
- Green certificates	71	90	(19)	(21.1%)
- CO_2 emissions rights	-	9	(9)	n.a.
- Other sales revenues	29	22	7	31.8%
Total sales revenues	**5,471**	**5,224**	**247**	**4.7%**
Revenues from services provided	5	10	(5)	(50.0%)
Storage services	37	29	8	27.6%
Margin on physical trading activities	90	30	60	n.m.
Transmission revenues	632	503	129	25.6%
Other revenues from sundry services	13	13	-	-
Total for the Group	**6,248**	**5,809**	**439**	**7.6%**

Breakdown by Business Segment

(in millions of euros)	**1st half 2013**	1st half 2012	Change	% change
Electric Power Operations	3,631	3,217	414	12.9%
Hydrocarbons Operations	3,047	3,391	(344)	(10.1%)
Corporate Activities and Other Segments	24	25	(1)	(4.0%)
Eliminations	(454)	(824)	370	(44.9%)
Total for the Group	**6,248**	**5,809**	**439**	**7.6%**

In particular:

- The **Electric Power Operations** reported a gain (+12.9%) in sales revenues compared with the first half of 2012, thanks to higher sales volumes to wholesalers and to the substantially stability of the sales to end customers.
- The "Sales Revenues" of the **Hydrocarbons Operations** were down, falling by 10.1% compared with the first half of 2012, reflects the prices' scenario as well as a decrease in sales to thermoelectric uses partially offset by higher sales to industrial and residential customers.

2. Other Revenues and Income

Other revenues and income totaled 468 million euros (230 million euros in first half of 2012). A breakdown is as follows:

(in millions of euros)	**1st half 2013**	1st half 2012	Change	% change
Realized commodity derivatives	93	71	22	31.0%
Recovery of costs from partners in hydrocarbon exploration projects	17	15	2	13.3%
Net reversals in earnings of provisions for risks on receivables and other risks	7	7	-	-
Out-of-period income and sundry items	351	137	214	n.m.
Total for the Group	**468**	**230**	**238**	**n.m.**

The **commodity derivatives**, which should be analyzed together with the corresponding cost item included in "**Raw materials and services used**" (which decreased of 33 million euros) and "**Net change in fair value of commodity derivatives**" (which decreased from +5 million euros to -18 million euros), reflect primarily the results of commodities and foreign exchange hedges executed to mitigate the risk of fluctuation in the cost of natural gas used in the Edison Group portfolios and gas earmarked for direct sales.

This performance is due to the scenario effect on the hedged physical commodities: in first half of 2013, a spike in commodity prices in the benchmark markets had a net negative effect on the underlying physical commodities, offset by the positive results reflected in the performance of commodity derivatives.

A comprehensive review of the economic effects of derivatives is provided in a special disclosure, reported in the Section entitled "Group Financial Risk Management".

3. Raw Materials and Services Used

Raw materials and services used totaled 5,936 million euros, or 5.4% more than in the same period in 2012 (5,630 million euros) affected by the price and volume trends already mentioned in the note "Sales revenues".

The table that follows provides a breakdown of raw materials and services used:

(in millions of euros)	**1st half 2013**	1st half 2012	Change	% change
Purchases of:				
- Natural gas	2,514	2,923	(409)	(14.0%)
- Electric power	1,667	1,318	349	26.5%
- Blast-furnace, recycled and coke-oven gas	16	27	(11)	(40.7%)
- Oil and fuel	-	1	(1)	n.m.
- Demineralized industrial water	2	3	(1)	(33.3%)
- Green certificates	5	34	(29)	(85.3%)
- CO_2 emissions rights	4	8	(4)	(50.0%)
- Coal, utilities and other materials	31	32	(1)	(3.1%)
Total	**4,239**	**4,346**	**(107)**	**(2.5%)**
- Facilities maintenance	57	60	(3)	(5.0%)
- Transmission of electric power and natural gas	1,025	833	192	23.0%
- Regasification fee	53	52	1	1.9%
- Professional services	63	74	(11)	(14.9%)
- Writedowns of trade and other receivables	69	27	42	n.m.
- Realized commodity derivatives	54	87	(33)	(37.9%)
- Margin on financial trading activities	56	3	53	n.m.
- Additions to provisions for miscellaneous risks	13	74	(61)	(82.4%)
- Change in inventories	99	(116)	215	n.m.
- Use of property not owned	57	54	3	5.6%
- Losses on sales of property, plant and equipment	1	1	-	0.0%
- Sundry items	150	135	15	11.1%
Total for the Group	**5,936**	**5,630**	**306**	**5.4%**

Breakdown by Business Segment

(in millions of euros)	**1st half 2013**	1st half 2012	Change	% change
Electric Power Operations	3,288	3,063	225	7.3%
Hydrocarbons Operations	3,057	3,345	(288)	(8.6%)
Corporate Activities and Other Segments	52	54	(2)	(3.7%)
Eliminations	(461)	(832)	371	(44.6%)
Total for the Group	**5,936**	**5,630**	**306**	**5.4%**

The decrease compared with the first half of previous year in the amount paid for **natural gas** (409 million euros), which should be analyzed together with the item included in "**Changes in inventories"**, is mainly due to different policies to optimize supply sources. The period reflects the benefits of the revision of the long-term contracts to import natural gas from Algeria and Qatar. The amount of natural gas purchases also reflects the negative impact of the effective portion of derivatives that hedge foreign exchange risks on commodities (46 million euros), offset by a benefit shown in commodity prices.

The increase in costs for **electric power** (349 million euros compared with the first half of 2012) reflects primarily the effect of an increase in purchases volumes.

The increase in **transmission of electric power and natural gas** costs (192 million euros) is due mainly to the increasing in sales volumes and rates.

The **regasification fee** (53 million euros) reflects the charges paid to Terminale GNL Adriatico Srl for regasification services.

Writedowns of trade and other receivables (69 million euros) includes additions to allowances for doubtful accounts and losses on uncollectible accounts, net of specific of utilizations of provisions for risk and charges.

Margin on Trading Activities

The table below shows the results from trading in physical and financial energy commodity contracts held in Trading Portfolios included in revenues and in raw materials and services used.

(in millions of euros)	*See Note*	**1st half 2013**	1st half 2012	Change	% change
Margin on physical contracts included in trading portfolios					
Sales revenues		1,949	2,258	(309)	(13.7%)
Raw materials and services used		(1,859)	(2,228)	369	(16.6%)
Total included in sales revenues	*1*	**90**	**30**	**60**	**n.m.**
Margin on financial contracts included in trading portfolios					
Other revenues and income		31	45	(14)	(31.1%)
Raw materials and services used		(87)	(48)	(39)	81.3%
Total included in raw materials and services used	*3*	**(56)**	**(3)**	**(53)**	**n.m.**
Total margin on trading activities		**34**	**27**	**7**	**25.9%**

A comprehensive review of the economic effects of derivatives is provided in a special disclosure, reported in the Section entitled "Group Financial Risk Management".

4. Labor Costs

Labor costs totaled 110 million euros, or 1.8% more than in the same period in 2012, when they amounted to 108 million euros.

This increase is the net result of wage dynamic and a slight increase of average staff.

5. EBITDA

EBITDA totaled 670 million euros, against 301 million euros earned in the first half of 2012.

The table below provides a breakdown by business segment of the Group's reported and adjusted EBITDA, which includes the reclassification of a portion of the result from transactions executed to hedge natural gas importation contracts, since, from an operational standpoint, the margins earned on sales of electric power also benefit from these hedges. In order to provide an adequate basis of comparison, it seems appropriate to show the adjusted EBITDA amount, restated to reflect the applicable portion of the result from hedging transactions attributable to the Electric Power Operations.

(in millions of euros)	**1st half 2013**	**as a % of sales revenues**	1st half 2012	as a % of sales revenues
Reported EBITDA				
Electric Power Operations	358	9.9%	255	7.9%
Hydrocarbons Operations	360	11.8%	99	2.9%
Corporate Activities and Other Segments	(48)	n.m.	(53)	n.m.
Total for the Group	**670**	**10.7%**	**301**	**5.2%**
Adjusted EBITDA				
Electric Power Operations	369	10.2%	239	7.4%
Hydrocarbons Operations	349	11.5%	115	3.4%
Corporate Activities and Other Segments	(48)	n.m.	(53)	n.m.
Total for the Group	**670**	**10.7%**	**301**	**5.2%**

Regarding the performance:

- the adjusted EBITDA of the **Electric Power Operations** amounted to 369 million euros, for a gain of 54.4% compared with the previous year (239 million euros), when EBITDA were boosted by a net gain of 28 million euros recognized for the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant. The positive performance is due to the improved hydroelectric generation and to portfolio optimization.
- The adjusted EBITDA of the **Hydrocarbons Operations** totaled 349 million euros (115 million euros in the first half of 2012). The result reflects the effects of the revision of long-term contracts to import natural gas from Algeria and Qatar. The substantial reduction of gas sale prices persists in the first half 2013 while the contribution of Exploration & Production is substantially steady.

6. Net Change in Fair Value of Commodity Derivatives

A breakdown of this account, which had a negative balance of 18 million (positive balance of 5 million euros in the first half 2012), is provided below:

(in millions of euros)	**1st half 2013**	1st half 2012	Change	% change
Change in fair value in hedging the price risk on energy products:	**(18)**	**4**	**(22)**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	(2)	-	(2)	n.m.
- not definable as hedges pursuant to IAS 39	(16)	4	(20)	n.m.
Change in fair value in hedging the foreign exchange risk on commodities:	**-**	**1**	**(1)**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	-	(1)	1	n.m.
- not definable as hedges pursuant to IAS 39	-	2	(2)	n.m.
Total for the Group	**(18)**	**5**	**(23)**	**n.m.**

(*) Referred to the ineffective portion.

This line item reflects the change in fair value for the period of commodity and foreign exchange derivatives, excluding those that are part of the Trading Activities, executed as economic hedges of the Industrial Portfolio.

7. Depreciation, Amortization and Writedowns

A breakdown of this item, which totaled 297 million euros, is provided below:

(in millions of euros)	**1st half 2013**	1st half 2012	Change	% change
Depreciation and amortization of:	**248**	**321**	**(73)**	**(22.7%)**
- property, plant and equipment	173	204	(31)	(15.2%)
- hydrocarbon concessions	42	48	(6)	(12.5%)
- other intangible assets (*)	33	69	(36)	(52.2%)
Writedowns of:	**49**	**35**	**14**	**40.0%**
- property, plant and equipment	46	33	13	39.4%
- other intangible assets	3	2	1	50.0%
Total for the Group	**297**	**356**	**(59)**	**(16.6%)**

(*) Included the exploration costs (28 million of euros in first half of 2013, 56 million of euro in first half of 2012).

Breakdown by Business Segment

(in millions of euros)	**1st half 2013**	1st half 2012	Change	% change
Electric Power Operations:	**178**	**171**	**7**	**4.1%**
- depreciation and amortization	129	147	(18)	(12.2%)
- writedowns of property, plant and equipment	46	22	24	n.m.
- writedowns of other intangible assets	3	2	1	50.0%
Hydrocarbons Operations:	**115**	**177**	**(62)**	**(35.0%)**
- depreciation and amortization	115	169	(54)	(32.0%)
- writedowns of property, plant and equipment	-	8	(8)	n.m.
Corporate Activities and Other Segments:	**4**	**8**	**(4)**	**(50.0%)**
- depreciation and amortization	4	5	(1)	(20.0%)
- writedowns of property, plant and equipment	-	3	(3)	n.m.
Total for the Group	**297**	**356**	**(59)**	**(16.6%)**

In the **Electric Power Operations**, the net increase of 7 million euros was due to:

- an increase of 24 million euros in writedowns of property, plant and equipment. In the period 46 million euros booked in relation to a Thermoelectric plant as a result of cancellation by the customer of a commercial supply contract;
- lower depreciation resulting from the writedowns of production facilities recognized last year and from the extension of concessions for some hydroelectric power plants.

In the **Hydrocarbons Operations**, the decrease of 62 million euro is chiefly the combined result of:

- lower exploration costs of 28 million euros (56 million euros in the first half of 2012 due mainly to an intensive exploration activity in Norway and the start of activities in Falkland island);
- lower depreciation and amortization due mainly to changed hydrocarbon extraction profiles.

8. Net Financial Income (Expense)

Net financial expense totaled 41 million euros (49 million euros in the same period of 2012).

A breakdown of net financial expense is as follows:

(in millions of euros)	**1st half 2013**	1st half 2012	Change
Financial income			
Financial income from financial derivatives	23	50	(27)
Interest earned on finance leases	6	7	(1)
Interest earned on bank and postal accounts	3	1	2
Interest earned on trade receivables	6	2	4
Other financial income	3	17	(14)
Total financial income	**41**	**77**	**(36)**
Financial expense			
Interest accrued on bond issues	(36)	(35)	(1)
Fair Value Hedge adjustment on bonds	22	(18)	40
Financial expense from financial derivatives	(26)	(30)	4
Interest accrued to banks	(7)	(21)	14
Bank fees	(7)	(10)	3
Financial expense on decommissioning projects and provisions for risks	(13)	(13)	-
Financial expense in connection with employee severance benefits	(1)	(1)	-
Interest accrued to other lenders	(17)	(7)	(10)
Other financial expense	(8)	(7)	(1)
Total financial expense	**(93)**	**(142)**	**49**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	79	54	25
Foreign exchange translation losses	(68)	(38)	(30)
Net foreign exchange translation gains (losses)	**11**	**16**	**(5)**
Net financial income (expense) for the Group	**(41)**	**(49)**	**8**

The net improvement achieved in the period (8 million euros) is principally the result of lower financial net debt compared with the same period of 2012, due to Edipower's disposal in May 2012, and lower net foreign exchange gains (primarily on derivatives executed to hedge purchases of natural gas denominated in foreign currencies and deriving from commercial transactions).

9. Income from (Expense on) Equity Investments

A breakdown of the positive balance of 2 million euros is shown below:

(in millions of euros)	**1st half 2013**	1st half 2012	Change
Income from equity investments			
Dividends	4	2	2
Revaluations and valuations of investments by the equity method	-	2	(2)
Gains on the sale of equity investments	1	-	1
Total income from equity investments	**5**	**4**	**1**
Expenses on equity investments			
Writedowns of investments available for sales	(3)	(2)	(1)
Total expenses on equity investments	**(3)**	**(2)**	**(1)**
Total Group income from (expense on) equity investments	**2**	**2**	**-**

10. Other Income (Expense), Net

Net other expense totaled 27 million euros, compared with expense of 21 million euros in the same period last year. Please note that 20 million euros in additions to provisions for environmental risks related to non-core businesses were recognized in the first half of 2013. It is also worth mentioning that the amount for first half 2012 included an addition of 15 million euros to the provision for tax disputes.

11. Income Taxes

The negative income-tax balance totaled 144 million euros (positive of 18 million euros in the first half of 2012). A breakdown of income taxes is provided below:

(in millions of euros)	**1st half 2013**	1st half 2012	Change
Current taxes	186	56	130
Net deferred-tax liabilities (assets)	(38)	(75)	37
Income taxes attributable to previous years	(4)	1	(5)
Total for the Group	**144**	**(18)**	**162**

Current taxes include 164 million euros for corporate income taxes (IRES and Robin Tax), 21 million euros (IRAP) and 37 million euros for foreign taxes, opposing to a tax benefit of 36 million euros generated by filing a consolidated income tax return.

The tax burden for the period mainly reflects the non-deductible costs in the period.

12. Profit (Loss) from discontinued operations

This item had a zero balance at June 30, 2013, as against a net profit of 50 million euros in the first half of 2012 referred to the redefinition, net of selling cost, of the disposal of the investment in Edipower Spa (80 million euros), less the negative margin (30 million euros, net of tax) generated by Edipower's tolling operations.

13. Earnings (Loss) per Share

A breakdown of earnings (loss) per share is as follows:

Common shares	Savings shares (1)	(in millions of euros)	**Common shares**	**Savings shares (1)**	Common shares	Savings shares (1)
81	81	Group interest in profit (loss)	152	152	(49)	(49)
76	5	Profit (Loss) attributable to the different classes of shares	146	6	(52)	3
		Weighted average number of shares outstanding (common and savings) determined for the purpose of computing earnings (loss) per share:				
5,181,545,824	110,154,847	- basic (B)	5,181,545,824	110,154,847	5,181,108,251	110,592,420
5,181,545,824	110,154,847	- diluted (C) (2)	5,181,545,824	110,154,847	5,181,108,251	110,592,420
		Earnings (Loss) per share (in euros)				
0.0147	0.0447	- basic (A/B)	0.0281	0.0581	(0.0100)	0.0250
0.0147	0.0447	- diluted (A/C) (2)	0.0281	0.0581	(0.0100)	0.0250

(1) 3% of par value for the higher dividend paid to the savings shares compared with the common shares. Savings shares are treated as common shares, since the portion of net income attributable to the savings shares has been deducted from Group interest in profit (loss).

(2) When the Group reports a loss, potential shares are deemed to have no dilutive effect.

NOTES TO THE BALANCE SHEET

Assets

14. Property, Plant and Equipment

The table that follows shows a breakdown of the changes that occurred in the period:

(in millions of euros)	Land and buildings	Plant and machinery	Assets transferable at no cost	Assets acquired under finance leases	Manufact. and distrib. equipment	Other assets	Constr. in progress and advances	Total
Balance at 12.31.2012 (A)	**474**	**3,751**	**142**	**35**	**4**	**7**	**373**	**4,786**
Changes in the first half of 2013:								
- Additions	-	19	-	-	-	-	60	79
- Disposals (-)	-	(1)	-	-	-	-	-	(1)
- Depreciation (-)	(8)	(149)	(13)	(1)	(1)	(1)	-	(173)
- Writedowns (-)	-	(46)	-	-	-	-	-	(46)
- Decommissioning costs	-	19	-	-	-	-	-	19
- Other changes	3	137	4	-	1	-	(145)	-
Total changes (B)	**(5)**	**(21)**	**(9)**	**(1)**	**-**	**(1)**	**(85)**	**(122)**
Balance at 06.30.2013 (A+B)	**469**	**3,730**	**133**	**34**	**4**	**6**	**288**	**4,664**

A breakdown by business segment of **additions** totaling 79 million euros is as follows:

(in millions of euros)	1st half 2013	1st half 2012
Electric Power Operations	**17**	**23**
broken down as follows:		
- Thermoelectric area	*9*	*7*
- Hydroelectric area	*6*	*7*
- Renewable sources area (wind power, photovoltaic, etc.)	*2*	*9*
Hydrocarbons Operations	**61**	**98**
broken down as follows:		
- Hydrocarbon fields in Italy	*35*	*17*
- Hydrocarbon fields outside Italy	*14*	*45*
- Transmission and storage infrastructures	*12*	*36*
Corporate Activities and Other Segments	**1**	**-**
Total for the Group	**79**	**121**

Projects carried out during the period included the following:

- for the **Hydrocarbons Operations**, mainly in Italy, additional investments in the Exploration & Production area for the Rospo Mare platform and development of the Tresauro field; in the gas storage area, San Potito and Cotignola field went into service;
- for the **Electric Power Operations**, the main investments involved the replacement of components at some thermoelectric and hydroelectric power plants.

No capitalized borrowing costs were recognized during the period as part of property, plant and equipment, consistent with the requirements of IAS 23 Revised.

A more detailed analysis of **depreciation** and **writedowns** is provided in the "Depreciation, amortization and writedowns" note to the Income Statement.

The change in **decommissioning costs** (19 million euros) reflects a revision of projected costs for the decommissioning of some thermoelectric power plants in the **Electric Power Operations** (10 million euros) and of the new San Potito and Cotignola field in **the Hydrocarbons Operations** (9 million euros).

Asset transferable at no cost refer to 38 concessions held by the Edison Group.

For the **assets acquired under finance leases**, recognized in accordance with the IAS 17 Revised method, the balance of the remaining financial liability, which amounts to 27 million euros, is shown part under "Long-term financial debt and other financial liabilities" (24 million euros) and part under "Short-term financial debt" (3 million euros).

Please note that assets valued at 115 million euro are encumbered as collateral for loans provided by financial institutions.

15. Investment Property

The Group's investment property, which consists of land and buildings that are not used for production purposes and has a total carrying amount of 9 million euros, unchanged compared with December 31, 2012.

16. Goodwill

Goodwill totaled 3,231 million euros, unchanged compared with December 31, 2012.

The table below provides a breakdown of goodwill by business segment:

(in millions of euros)	**06.30.2013**	12.31.2012
Electric Power Operations	2,528	2,528
Hydrocarbons Operations	703	703
Total for the Group	**3,231**	**3,231**

The balance in this account is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments, but must be tested for impairment at least once a year.

17. Hydrocarbons Concessions

Concessions for the production of hydrocarbons, which consist of 94 mineral leases in Italy and abroad (including 3 storage concessions) for the extraction of hydrocarbon deposits, were valued at 906 million euros. The decrease of 42 million euros, compared with December 31, 2012, reflects the amortization for the period. Please note that 7 exploration licenses increased in Norway and 2 in Israel.

18. Other Intangible Assets

The table below shows the main changes that occurred in the first half of 2013:

(in millions of euros)	Concessions, licenses, patents and similar rights	CO_2 emissions rights	Exploration costs	Other intangible assets	Work in progress and advances	Total
Balance at 12.31.2012 (A)	**88**	**3**	**-**	**10**	**4**	**105**
Changes in the first half of 2013:						
- Additions	2	-	28	-	2	32
- Amortization (-)	(4)	-	(28)	(1)	-	(33)
- Writedowns (-)	-	(3)	-	-	-	(3)
- Other changes	-	3	-	-	1	4
Total changes (B)	**(2)**	**-**	**-**	**(1)**	**3**	**-**
Balance at 06.30.2013 (A+B)	**86**	**3**	**-**	**9**	**7**	**105**

Exploration costs for the period, which were amortized in full, totaled 28 million euros compared with 56 million euros in same period of 2012.

Please note that the item **Concessions, licenses, patents and similar rights** includes the infrastructures used by the Group to distribute natural gas, under the 62 concessions it holds in this area of business, as required by IFRIC 12.

CO_2 emissions rights (3 million euros) include the rights exceeding the Group's requirements. This amount reflects a valuation at market prices, which required a writedown of 3 million euros.

Impairment Test of Assets in Accordance with IAS 36

In the first half of 2013, as required by IAS 36, the Group performed updated impairment tests of the individual Cash Generating Units (CGUs), whenever specific impairment indicators affecting recoverable values were detected.

Insofar as goodwill is concerned, because the Group has not yet developed a new industrial plan, an analysis of the short-term economic and scenario variables failed to produce, also with regard to the 2013 budget, specific triggers pointing to perform an impairment test at June 30, 2013.

Consistent with the estimates applied at the end of 2012, recoverable value was determined based on the value in use of the assets, estimated based on the present value of the operating cash flows net of taxes, taking into account the useful lives of the assets and their terminal values, when appropriate.

These cash flow amounts were updated when necessary if specific triggers were detected. The discount rates applied are also consistent with those used to perform impairment test at the end of 2012.

The tests performed using the process described above showed that values of the **Thermoelectric CGU** was impaired, consequent to the cancellation by the customer of a commercial's supply contract, referred to a Thermoelectric plant, requiring a writedown of 46 million euros.

Regarding the Egypt hydrocarbon CGU, despite the increase in risk related to the current political and financial instability, mitigating factors that developed during the period make it possible to conclude that the overall picture did not deteriorate compared with the end of 2012. Specifically, during the first half of 2013, the industrial performance was fully positive and in line with budget projections; moreover, the Group and its counterparty signed commercial agreements with more favorable commercial terms and that guarantees the collection over time of part of the outstanding receivables. Therefore, in view of these positive developments, considering it premature to project the effects that may derive from the country's contingent political and economic context and taking into account the fact that the impairment test performed in 2012 showed for this CGU a recoverable value higher than its carrying amount, it seemed appropriate to confirm the findings of the test performed at the end of 2012, while remaining vigilant for future developments.

19. Investments in Associates and Available-for-sale Investments

The total includes 50 million euros in investments in associates and unconsolidated subsidiaries and affiliated companies and 183 million euros in available-for-sale investments. The latter amount includes investments in Terminale GNL Adriatico Srl (177 million euros) and in RCS Mediagroup Spa (2 million euros).

The table below shows the main changes that occurred in the period:

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12.31.2012 (A)	**51**	**194**	**245**
Changes in the first half of 2013:			
- Changes in shareholders' equity reserves	-	(2)	(2)
- Valuations at fair value	-	(8)	(8)
- Other changes	(1)	(1)	(2)
Total changes (B)	**(1)**	**(11)**	**(12)**
Balance at 06.30.2013 (A+B)	**50**	**183**	**233**

Changes for the period include **Changes in shareholders' equity reserves**, negative by 2 million euros, which refer to the distribution of the reserves for advances on capital contributions by Terminale GNL Adriatico Srl and the **Valuations at fair value**, negative by 8 million euros (recorded for 3 million euros as writedowns in Income Statement), which refer to RCS Mediagroup Spa.

20. Other Financial Assets

Other financial assets consist of loans receivable due in more than one year. Other financial assets include the following:

(in millions of euros)	**06.30.2013**	12.31.2012	Change
Loan receivables from Ibiritermo (IFRIC 4) (*)	64	70	(6)
Bank deposits that secure project financing facilities	4	4	-
Sundry items	1	1	-
Total other financial assets	**69**	**75**	**(6)**

(*) Referred to a fully captive thermoelectric power plant in Brazil and accounted for as a financial lease.

21. Deferred-tax Assets

Deferred-tax assets, which were valued based on the assumptions that they would be probably realized and the tax benefits recovered within the limited time horizon covered by the industrial plans of the various companies, amounted to 178 million euros (145 million euros at December 31, 2012). They are related to:

- taxed provisions for risks of 80 million euros;
- property, plant and equipment and intangibles of 60 million euros;
- a tax-loss carry forward of 3 million euros;

with differences stemming from the adoption of IAS 39 on financial instruments and sundry reversals accounting for the balance.

22. Other Assets

Other assets totaled 497 million euros or 389 million euros more than December 31, 2012. This account includes:

- 476 million euros (85 million euros at December 31, 2012) in advances paid under long-term natural gas supply contracts for gas volumes that the Edison Spa was unable to take delivery of but was required to pay for, due to take-or-pay contract clauses.
- 9 million euros (net of an allowance for doubtful accounts of 1 million euros) in tax refunds receivable, including accrued interest through June 30, 2013.
- 12 million euros in sundry receivables, consisting mainly of security deposits.

23. Current Assets

A breakdown of the components of current assets is provided below:

(in millions of euros)	**06.30.2013**	12.31.2012	Change
Inventories	315	390	(75)
Trade receivables	3,625	3,391	234
Current-tax assets	19	25	(6)
Other receivables	573	562	11
Current financial assets	97	99	(2)
Cash and cash equivalents	516	753	(237)
Total current assets	**5,145**	**5,220**	**(75)**

A review of the individual components is provided below:

- The table that follows shows a breakdown of **inventories** by business segment:

(in millions of euros)	Engineering consumables	Stored natural gas	Fuels	Green certificates	CO_2 emission rights	Other	**Total at 06.30.2013**	Total at 12.31.2012	Change
Electric Power Operations	12	-	-	21	16	16	65	41	24
Hydrocarbons Operations	28	211	11	-	-	-	250	349	(99)
Total for the Group	**40**	**211**	**11**	**21**	**16**	**16**	**315**	**390**	**(75)**

The decrease for the period refers mainly to a reduction of stored natural gas (100 million euros). Inventories also include 29 million euros in strategic reserves of natural gas, the use of which is restricted.

- A breakdown of **trade receivables** by business segment is provided in the table below:

(in millions of euros)	**06.30.2013**	12.31.2012	Change
Electric Power Operations	2,062	2,002	60
Hydrocarbons Operations	1,573	1,404	169
Corporate Activities and Other Segments and Eliminations	(10)	(15)	5
Total trade receivables	**3,625**	**3,391**	**234**
Of which Allowance for doubtful accounts	**(282)**	**(207)**	**(75)**

Trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas, Power Exchange transactions and, for 350 million euros, the fair value of physical contracts for energy commodities that are part of the Group's Trading Portfolios.

The higher amount shown for trade receivables, compared with December 31, 2012, is attributable to temporary effects arising from the revision of the long-term contracts to import natural gas and also to the price and volume trends discussed in the note to "Sales revenues", as well as a lengthening of the time to collection resulting from a change in the customer mix and the expansion of the Group's international activities.

It is worth mentioning that the Group executes on a regular basis transactions involving the irrevocable assignment of receivables without recourse both on a monthly and quarterly revolving basis and on a spot basis, consistent with a policy aimed at controlling and minimizing credit risks. These transactions totaled 2,977 million euros in the period (2,482 million euros at June 30, 2012). The residual risk of recourse associated with these receivables is less than 1 million euros.

- **Current-tax assets** of 19 million euros include amounts owed by the tax authorities for overpayments of regional taxes (IRAP) and corporate income taxes (IRES) by companies that are not included in the consolidated income tax return filed by Transalpina di Energia Srl and WGRM, the Group's controlling companies.

- A breakdown of **other receivables**, which totaled 573 million euros, is provided in the table below:

(in millions of euros)	6.30.2013	12.31.2012	Change
Receivables arising from the valuation of derivatives	107	154	(47)
Amounts owed by partners and associates in hydrocarbon exploration projects	80	94	(14)
Advances to suppliers	64	6	58
Amounts owed by the controlling companies in connection with the filing of the consolidated income tax return	104	81	23
VAT credit	1	3	(2)
Sundry items	217	224	(7)
Total other receivables	**573**	**562**	**11**

The decrease shown for **receivables arising from the valuation of derivatives**, which should be analyzed in conjunction with the corresponding liability included in **Current liabilities** (increased from 191 million euros to 219 million euros), primarily reflects changes in the market price scenario compared with December 31, 2012, specifically regarding EUR/USD exchange rate. A comprehensive review of the economic effects of derivatives is provided in a special disclosure, reported in the Section entitled "Group Financial Risk Management".

- A breakdown of **current financial assets**, which are included in the computation of the Group's net financial debt, is as follows:

(in millions of euros)	06.30.2013	12.31.2012	Change
Loans receivable	4	5	(1)
Derivatives	88	89	(1)
Equity investments held for trading	5	5	-
Total current financial assets	**97**	**99**	**(2)**

- **Cash and cash equivalents** of 516 million euros (753 million euros at December 31, 2012) consist of short-term deposits in bank and postal accounts and other short-term investments and they include the current account established with EDF Sa with a positive balance for 236 million euros.

24. Assets held for sale

Assets held for sale totaled 1 million euros, unchanged compared with December 31, 2012.

Liabilities and Shareholders' Equity

25. Shareholders' Equity Attributable to Parent Company Shareholders and Shareholders' Equity Attributable to Minority Shareholders

The shareholders' equity attributable to Parent Company shareholders amounted to 7,166 million euros, or 111 million euros more than at December 31, 2012 (7,055 million euros). This increase is mainly due to the net profit for the period (152 million euros), partially offset by the dividend distribution on savings shares (17 million euros) and by the negative change in the Cash Flow Hedge reserve (13 million euros).

The shareholders' equity attributable to minority shareholders decreased to 118 million euros, or 14 million of euro less than at December 31, 2012 (132 million euros), due to the effect of dividend distribution resolution by companies with minority shareholders (7 million euros) and to the net loss for the period (7 million euros).

A breakdown of the shareholders' equity attributable to Parent Company shareholders and to minority shareholders is provided in the schedule entitled "Changes in Consolidated Shareholders' Equity".
Please note that in accordance with IAS 19 revised, it is included the negative effect of actuarial gains (losses) on employee severance indemnities for about 2 million of euro.

A breakdown of share capital, which consists of shares with a par value of 1 euro each, all with regular ranking for dividends, is as follows:

Share class	Number of shares	Millions of euros
Common shares	5.181.545.824	5.182
Savings shares	110.154.847	110
Total		**5.292**

The table below provides a breakdown of the changes that occurred in the Cash Flow Hedge reserve, established upon the adoption of IAS 39 for the accounting treatment of derivatives. The change refers to the provisional recognition in equity of changes in the fair value of derivatives executed to hedge price and foreign exchange risks on energy commodities and interest rates.

Cash Flow Hedge reserve (in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2012	(27)	11	(16)
Changes in the first half of 2013	(22)	9	(13)
Reserve at June 30, 2013	**(49)**	**20**	**(29)**

The table below shows the changes that occurred in the reserve for available-for-sale-investments:

Reserve for available-for-sale investments (in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2012	4	-	4
Changes in the first half of 2013	(4)	-	(4)
Reserve at June 30, 2013	**-**	**-**	**-**

26. Provision for Employee Severance Indemnities and Provisions for Pensions

These provisions, which amounted to 36 million euros, increasing of 1 million euros compared with December 31, 2012, reflect the accrued severance indemnities and other benefits owed to employees.
The actuarial gains (losses) are recorded in equity; the relevant amount at December 31, 2012 was less than 1 million euros. A valuation in accordance with the actuarial criteria of IAS 19 is performed only for the liability corresponding to the provision for Employee Severance Indemnities that is still held at the Company.
The table below shows the changes that occurred in the first half of 2013:

(in millions of euros)	Provision for employee severance indemnities	Provisions for pensions	Total
Balance at 12.31.2012 (A)	**35**	**-**	**35**
Changes in the first half of 2013:			
- Financial expense	1	-	1
- Actuarial (gains) losses (+/-)	2	-	2
- Utilizations (-) / Other changes	(2)	-	(2)
Total changes (B)	**1**	**-**	**1**
Total at 06.30.2013 (A+B)	**36**	**-**	**36**

27. Provision for Deferred Taxes

The balance of 77 million euros (79 million euros at December 31, 2012) reflects mainly the deferred tax liability from the use during the transition to the IFRS of fair value as the deemed cost of property, plant and equipment. The following table shows a breakdown of this provision by type of underlying temporary difference, keeping in mind that certain Group companies that meet the requirements of IAS 12 offset their deferred-tax liabilities against their deferred-tax assets:

(in millions of euros)	**06.30.2013**	12.31.2012	Change
Deferred-tax liabilities:			
- Valuation differences of property, plant and equipment and intangibles	135	147	(12)
- Adoption of IAS 17 to value finance leases	22	23	(1)
- Adoption of IAS 39 to value financial instruments with impact:			
- on the income statement	2	2	-
- Other deferred-tax liabilities	34	27	7
Total deferred-tax liabilities (A)	**193**	**199**	**(6)**
Deferred-tax assets usable for offset purposes:			
- Taxed provisions for risks	97	94	3
- Tax-loss carryforward	-	8	(8)
- Adoption of IAS 39 to value financial instruments with impact:			
- on shareholders' equity	6	-	6
- on the income statement	-	3	(3)
- Valuation differences of property, plant and equipment and intangibles	10	11	(1)
- Other deferred-tax assets	3	4	(1)
Total deferred-tax assets (B)	**116**	**120**	**(4)**
Total provision for deferred taxes (A-B)	**77**	**79**	**(2)**

28. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, totaled 898 million euros, for an increase of 35 million euros compared with December 31, 2012 (863 million euros).

The table below shows the changes that occurred in the first half of 2013:

(in millions of euros)	12.31.2012	Additions	Utilizations	Other changes	06.30.2013
Risks for disputes, litigation and contracts	139	3	(1)	(3)	138
Charges for contractual guarantees on sale of equity investments	74	-	-	-	74
Environmental risks	42	20	(1)	-	61
Disputed tax items	13	-	-	-	13
Other legal risks	48	4	(2)	1	51
Total for legal and tax disputes	**316**	**27**	**(4)**	**(2)**	**337**
Provisions for decommissioning and remediation of industrial sites	415	9	(1)	19	442
Other risks and charges	132	10	(21)	(2)	119
Total for the Group	**863**	**46**	**(26)**	**15**	**898**

In particular:

"**Provisions for legal and tax disputes"** amounted to 337 million euros, for a net increase of 21 million euros in the first half of 2013, mainly due to additions of 20 million euros for environmental risks related to non-core business activities.

More detailed information about the contents resulted in the composition of these provisions for risks and charges is provided in the Section of these Notes entitled "Risks and Contingent Liabilities related to legal and tax disputes".

"**Provision for decommissioning and remediation of industrial sites**", totaling 442 million euros, reflect the valuation, discounted to the reporting date, of the decommissioning costs that the Group expects to incur for industrial sites and mineral extraction facilities. These provisions show a net increase of 27 million euros mainly due to:

- additions for financial expense related to discounting (9 million euros);
- among other changes, recognition of provisions in the thermoelectric sector (10 million euros) and the hydrocarbon sector (9 million euros).

"**Provision for other risk and charges**", totaling 119 million euros, included 99 million euros for possible future charges related to the Electric sector and 10 million euros for risk hedges of abroad activities.

Please note that in the period:

- **additions** of 10 million euros were recognized mainly to increase provisions for risks in the Electric sector;
- **utilizations** of 21 million euros refer mainly to the coverage of costs incurred in the Electric sector.

29. Bonds

The balance of 1,797 million euros (1,796 at December 31, 2012) represents the noncurrent portion of the bonds.

The table below shows the balance outstanding at June 30, 2013 and indicates the fair value of each Edison Spa bond issue (in million of euros):

Market where traded	Cur-rency	Par value outstanding	Coupon	Rate	Maturity	Carrying value			Fair value
						Non-current portion	Current portion	Total	
Euro Medium Term Notes:									
Luxembourg Secur. Exch.	EUR	700	Annual in arrears	4.250%	07.22.2014	700	41	741	754
Luxembourg Secur. Exch.	EUR	500	Annual in arrears	3.250%	03.17.2015	499	11	510	523
Luxembourg Secur. Exch.	EUR	600	Annual in arrears	3.875%	11.10.2017	598	48	646	666
Total for the Group		**1,800**				**1,797**	**100**	**1,897**	**1,943**

The valuation at amortized cost of the bond issues, a portion of which was hedged with derivatives against the risk of changes in fair value caused by the interest rate fluctuation, was adjusted in accordance with hedge accounting rules to reflect the change in hedged risk.

30. Long-term Financial Debt and Other Financial Liabilities

A breakdown of this liability account is as follows:

(in milions of euros)	**06.30.2013**	12.31.2012	Change
Due to banks	66	134	(68)
Due to other lenders	1,225	40	1,185
Total for the Group	**1,291**	**174**	**1,117**

The line item “due to other lenders” (1,225 million euros) include the two loans granted by companies of EDF Group in April 2013, to allow the repayment of syndicated stand-by credit line of Edison Spa (face value of 1,500 million euros). These loans, evaluated at amortized cost, are also intended to ensure an efficient coverage of long-term operating needs and maintain an adequate degree of flexibility; they include:

- a loan granted by EDF Investissement Groupe Sa, for a face amounts of 800 million euros (drawn down in full at June 30, 2013), with a seven-year maturity;
- a loan granted by EDF Sa, for a face amount of 600 million euros (drawn down by 400 million euros at June 30, 2013), with a two-year maturity.

For an overview, please refer to the section "Financial Risk Management Group."

31. Other Liabilities

Other liabilities of 30 million euros represent sundry liabilities, including the suspension of a gain on the 2008 sale of a 51% interest in Dolomiti Edison Energy Srl (which continues to be consolidated line by line) while agreements providing both parties with put and call options are in effect.

32. Current Liabilities

A breakdown of current liabilities is provided below:

(in millions of euros)	**06.30.2013**	12.31.2012	Change
Bonds	100	104	(4)
Short-term financial debt	341	1,461	(1,120)
Trade payables	2,308	2,440	(132)
Current taxes payable	45	11	34
Other liabilities	831	692	139
Total current liabilities	**3,625**	**4,708**	**(1,083)**

The main current liability accounts are reviewed below:

- **Bonds**, amounting to 100 million euros, including the total accrued interest at June 30, 2013.
- **Short-term financial debt**, which totaled 341 million euros, essentially includes:
  - 194 million euros due to banks, 20 million euros of which represent the effect of measuring interest rate derivatives at fair value; please note that the total amount at December 31, 2012 included 1,150 million euros, for the utilization of a syndicated stand-by credit line held by Edison Spa, refunded in April 11, 2013.
  - 126 million euros due to other lenders, it included accruals of loans with EDF Companies;
  - 18 million euros owed to minority shareholders of consolidated companies;
  - 3 million euros due to leasing companies.
- **Trade payables** totaled 2,308 million euros (2,440 million euros at December 31, 2012). A breakdown by business segment is provided below:

(in millions of euros)	**06.30.2013**	12.31.2012	Change
Electric Power Operations	1,461	1,448	13
Hydrocarbons Operations	833	978	(145)
Corporate Activities and Other Segments and Eliminations	14	14	-
Total trade payables	**2,308**	**2,440**	**(132)**

  Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance. This item also includes 283 million euros for the fair value of the physical energy commodity contracts held in the Trading Portfolios.

- **Current taxes payable** of 45 million euros represent the income taxes liability of Group companies that are not included in the consolidated tax return filed by the controlling companies (Transalpina di Energia Srl and WGRM). These taxes are paid directly by the companies upon which they are levied.

- A breakdown of **other liabilities**, which totaled 831 million euros, is as follows:

(in millions of euros)	**06.30.2013**	12.31.2012	Change
Amounts owed to shareholders	16	12	4
Amount owed to the controlling companies in connection with the filing of a consolidated tax return	222	119	103
Amounts owed to joint holders of permits for hydrocarbon exploration	134	137	(3)
Payables for consulting and other services	32	43	(11)
Payables owed to Tax Administration (other than current tax payables)	77	58	19
Amount owed to employees	27	27	-
Liabilities stemming from the measurement at fair value of derivatives	219	191	28
Payables owed to social security institutions	23	22	1
Sundry items	81	83	(2)
Total other liabilities	**831**	**692**	**139**

NET FINANCIAL DEBT

At June 30, 2013, net financial debt totaled 2,852 million euros, or 239 million euros more than the 2,613 million euros owed at December 31, 2012.

Consistent with the practice followed at the end of 2012, the table below provides a simplified breakdown of the Group's net financial debt:

(in millions of euros)	*See note*	**06.30.2013**	12.31.2012	Change
Bonds - non-current portion	*29*	1,797	1,796	1
Non-current bank loans	*30*	66	134	(68)
Amounts due to other lenders - non-current portion	*30*	1,225	40	1,185
Other non-current financial assets (*)	*20*	(64)	(70)	6
Non Current net financial debt		**3,024**	**1,900**	**1,124**
Bonds - current portion	*32*	100	104	(4)
Short-term financial debt	*32*	341	1,461	(1,120)
Current financial assets	*23*	(97)	(99)	2
Cash and cash equivalents	*23*	(516)	(753)	237
Current net financial debt		**(172)**	**713**	**(885)**
Net financial debt		**2,852**	**2,613**	**239**

(*) Included the long-term portion of financial receivables by the adoption of IFRIC 4.

The net increase (239 million euros) is mainly due to the combined effect of the following factors:

- advances paid due to the activation of take-or-pay clauses in natural gas procurement contracts (415 million euros).
- outlays for the period's capital expenditures (111 million euros);
- direct taxes paid (67 million euros);

An additional factor is an increase in operating working capital (291 million euros) mainly due to trade receivables arising from revision of long-term contracts to import natural gas.
These effects were partially offset by the operating cash flow of the period.

Net financial debt includes the loans outstanding with EDF companies for about 1,198 million euros and cash and cash equivalents totaling 236 million euros held in current account with EDF Sa.

The balance also includes 15 million euros in current financial debt owed to unconsolidated Group subsidiaries.

COMMITMENTS, RISKS AND CONTINGENT ASSETS

Commitments

(in millions of euros)	**06.30.2013**	12.31.2012	Change
Guarantees provided	1,244	1,276	(32)
Collateral provided	183	192	(9)
Other commitments and risks	275	699	(424)
Total for the Group	**1,702**	**2,167**	**(465)**

Guarantees provided totaled 1,244 million euros at June 30, 2013. This figure, which was determined based on the undiscounted amount of contingent commitments on the balance sheet date, includes 61 million euros in guarantees provided to the Revenue Office on behalf of subsidiaries for offsetting VAT credits. Guarantees provided by the Group's Parent Company or by banks from the same counter-guaranteed to secure the performance of contractual obligations by its subsidiaries account for most of the balance.

Collateral provided, which amounted to 183 million euros, reflects the carrying amounts of the assets or rights pledged as collateral on the balance sheet date. This account consists for the most part of mortgages and encumbrances granted on facilities of the Electric Power Operations to secure financing provided by financial institutions (115 million euros).

Other commitments and risks, which totaled 275 million euros, reflect primarily commitments undertaken to complete investment projects under construction in Italy and abroad (174 million euros); the decrease is mainly due to long-term contracts for the importation of natural gas.

With regard to long-term contracts for the importation of natural gas, which contain take-or-pay clauses that obligate the buyer to pay the quantity not collected beneath a predetermined threshold, please note that 414 million euros accounted for Commitments at December 31, 2012, are fully liquidated in the first half of 2013 and advances to suppliers for 476 million euros, are included in "**Other Asset**" (Note 22) at June 30, 2013. Risk profiles and the economic recoverability of these receivables are periodically updated during the year.
Please also note the following:

- With regard to the procurement of CO_2 certificates and Certified Emission Reductions (CERs)/Emission Reduction Units (ERUs), for the 2013-2020 period, Edison Spa signed Amended Agreements to the original Emission Reductions Purchase Agreements (ERPA) to purchase CERs in China for up to 27 million euros. These new agreements represent extensions of contracts already held by Edison Spa and originally signed for the 2008-2013 period.

The following agreements were also in effect at June 30, 2013:

- o Management Agreement with EDF Trading Ltd (EDF Carbon Fund) for the fixed-price purchase of CERs and ERUs for a theoretical remaining commitment of up to 21 million euros;
- o Purchasing and Management Agreement with Natsource Asset Management Europe (Nat-CAP) for the purchase of CERs and ERUs by 2013 for a remaining commitment of up to 3 million euros.

- Edison Spa granted to:
  - Cartiere Burgo Spa a call option to purchase a 51% interest in Gever Spa. This option is exercisable when the contract under which Gever supplies Cartiere Burgo with electric power and steam expires (in 2017) at a price equal to the corresponding pro rata interest in the company's shareholders' equity (14 million euros);
  - Petrobras an option to buy its interest in Ibiritermo Sa at a defined price, exercisable in 2012;
- For 16 million euros, a commitment undertaken by Edison Spa in connection with companies sold in previous years.

Unrecognized Commitments and Risks

Significant commitments and risks not included in the amounts listed above are reviewed below:

1) The **Hydrocarbons Operations** entered into long term contracts for the importation of natural gas from Russia, Libya, Algeria and Qatar, for a total supply of 13.6 billion cubic meters of natural gas a year. The duration of these contracts ranges between 7 and 21 years. The table below provides a breakdown of the timing for the supply of natural gas, based on minimum contractual deliveries:

		within 1 year	from 2 to 5 years	over 5 years	**Total**
Natural gas	Billions of m^3	12.9	52.2	146.9	**212.0**

The economic data are based on prospective pricing formulas.

Furthermore, contracts to import additional quantities of natural gas in future years included agreement to import natural gas from Algeria (*Protocolle d'accord*), signed with Sonatrach in November 2006, that calls for the supply of 2 billion metric cubic meters of natural gas a year through the pipeline that will be built by the associate Galsi Spa.

2) With regard to the investment in Terminale GNL Adriatico Srl, a natural gas regasification company in which Edison Spa holds an interest of about 7.3% interest, the agreement between shareholders include the right for the other shareholders to buy the 7.3% interest held by Edison, should Edison cancel the supply contract with RasGas, at a price equal to the sum of the capital contributions provided until the option is exercised.

Pursuant to the regasification contract, Edison benefits from access to 80% of the terminal's regasification capacity for remaining 21 years for an annual regasification fee estimated at about 100 million euros. With regard to the regasification fee payable, Edison's risk is limited to the following situations:

- Edison has the right to cancel the regasification contract for force majeure events affecting the chain (upstream and midstream) of Terminale GNL Adriatico by paying an amount that may not be greater than the regasification fee payable for three years;
- if a force majeure event affects Terminale GNL Adriatico, Edison will no longer be required to pay the regasification fee and may terminate the regasification contract after 36 months without being required to pay any amount;
- in the event of a breakdown of the terminal that does not constitute a force majeure event, Edison will not be required to pay any regasification fee.

In addition, Edison will receive compensation for damages by RasGas, its supplier, which will include the regasification fee, based on circumstances set forth in the contract.

3) Insofar as the **Electric Power Operations** are concerned, pursuant to the terms stipulated with the counterparty in connection with the sale of 51% interest in Dolomiti Edison Energy Srl, Edison holds a call option exercisable only if no extension of the hydroelectric concession held by Dolomiti Edison Energy Srl is granted by March 31, 2018.

As part of the agreements among the shareholders of RCS Mediagroup Spa who are members of the Blocking and Consultation Syndicate, any Participant who, in response to a tender offer, wishes to exit the Syndicate will be required to sell the syndicated shares to the other Participants. The buyers will have the right, but not the obligation, to buy the shares that are being offered in proportion to the percentage of the shares they contributed to the Syndicate.

Moreover, regarding to the RCS Mediagroup investment, it is worth mentioning that in July 2013 Edison subscribed its share capital increase with a cash out amounting to 4 million euros.

Risks and contingent liabilities associated with legal and tax disputes

A review, based on information currently available, of the main legal and tax disputes outstanding at June 30, 2013 is provided in this Section, listing separately actions involving Edison Spa and actions involving other Group companies, subdividing further between those that could give rise to a probable liability, for which it was possible to develop a reliable estimate of the underlying obligation and recognize a corresponding provision for risks in the balance sheet, and those that could give rise to a contingent liability, which is dependent on the occurrence of events that are possible, but not probable, or are probable but their impact cannot be quantified reliably. With regard to contingent liabilities, only a disclosure is provided in the notes to the financial statements.

Probable liabilities associated with legal disputes

Legal disputes that could give rise to a probable liability, for which a provision for risks was recognized in the balance sheet, even though it is not objectively possible to forecast the timing of any related monetary outlays, are reviewed below.

A) **Liabilities for which a provision for disputes, litigation and contracts risks was recognized in the balance sheet**, are associated mainly to the following disputes:

Edison Spa

Stava Dam Disaster

By a decision published on May 2, 2011, the Court of Milan decided the remaining action filed by a party injured by the collapse of the Prestavel Dams in 1985, dismissing this party's claims against Montedison (now Edison) and allocating court costs to both parties. This decision is being challenged in an appeal filed on June 14, 2012.

Actions for Damages and Administrative Proceedings Arising from the Operation of Chemical Facilities Conveyed to Enimont

Cesano Maderno Plant – Civil Lawsuits against the Other Parties to the Proceedings

By a decision published on June 6, 2011, the Court of Milan decided a lawsuit between Bracco Imaging (formerly Dibra), Syndial (formerly EniChem) and Edison (formerly Montecatini) concerning damages stemming from the sale by Montecatini of a portion of the Cesano Maderno factory, ordering Edison to pay to Bracco Imaging the amount of 7.6 million euros, plus accrued interest. Edison believes that this decision is unfair and is challenging it before the Milan Court of Appeals, which has not yet scheduled the initial hearing.

Porto Marghera Petrochemical Facility – Civil Lawsuits Following the Conclusion of the Criminal Proceedings for Injuries Caused by Exposure to Monovinyl Chloride and for Damages to the Environment

By a decision published on December 27, 2010, the Court of Venice decided the lawsuit filed by some of the parties who had joined the criminal proceedings for injuries caused by exposure to monovinyl chloride

and for damages to the environment at the Porto Marghera petrochemical facility as plaintiffs seeking damages. These plaintiffs, who include the Municipality and Province of Venice, the Veneto Region and some associations, are seeking compensation for damages and the reimbursement of the legal costs incurred in connection with the abovementioned criminal proceedings. In its decision, the Court denied all of the claims put forth by the plaintiffs, ordering that they pay all court costs. The plaintiffs filed an appeal and these proceedings ended with a decision awarding damages in amount consistent with Edison's position. A similar lawsuit pending before the Venice Court of Appeals, in which the hearing for filing final motions has been held, continued without noteworthy developments.

Mantua Petrochemical Facility – Criminal Proceedings for Personal Injuries and Environmental Damages and Administrative Proceedings for Remediation

Insofar as the criminal proceedings are concerned, the oral argument phase is in progress in the criminal proceedings pending before the Court of Mantua against certain former Directors and executives of Montedison Spa (now Edison) for the alleged harm caused to the health of plant workers (former Montedison employees), who were exposed to benzene and asbestos at the local petrochemical complex through 1989. At the latest hearing, held on June 19, 2012, the Public Prosecutor introduced different facts, never mentioned before, either in the preliminary hearing phase or during oral arguments, that have the potential of altering the charges against the defendants. In response to this development, the Company objected stating that this request was inadmissible, asking instead that the proceedings go forward based on the facts described in the indictment. However, by an order dated January 22, 2013, the Court denied the motion filed by the counsel for the defendants, ordering a continuation of the investigative hearings. As for the administrative proceedings, on October 22, 2012, Edison was served with an order by the Provincial Administration of Mantua instructing it to submit a project for the specific purpose of reestablishing safe conditions at the site called "Versalis area, former chlorine sodium production facility." Late in December 2012, the Company challenged this order, filing a motion to stay its enforcement with the Regional Administrative Court of Lombardy - Brescia. This motion was denied by the court in February 2013 and by the Council of State in appeal.

Crotone Plant – Criminal Proceedings for Personal Injuries Caused by Exposure to Asbestos

In the proceedings stemming from investigations occurred in the relatively distant past launched by the Public Prosecutor of the Court of Crotone targeting eight former Directors and managers of Montecatini and Montedison (now Edison), who are being charged with involuntary manslaughter and personal injuries caused by exposure to asbestos. The oral argument phase got under way in January 2012 and is still continuing.

Crotone Plant – Criminal Proceedings for Environmental Damages

The Public Prosecutor of the Court of Crotone launched an investigation targeting 35 individuals, including five former Directors and managers of Montecatini and Montedison (now Edison), who are being charged with environmental crimes (unauthorized waste management, disaster and poisoning of the aquifer) for activities carried out from 1986 to 1990, while operating a local plant formerly owned by Montecatini. In connection with these proceedings, the Public Prosecutor filed a motion asking to be allowed to introduce evidence developed during the discovery phase. During the first hearing,

which was held on May 3, 2012 before the Judge for Preliminary Investigations, expert appraiser were appointed, who are expected to file their expert opinion in the next months.

Brindisi Petrochemical Facility – Administrative Proceedings

On February 25, 2013, the Brindisi Provincial Administration notified to Edison and other parties an order pursuant to Article 244, Section 2, of Legislative Decree No. 152/2006 (the "Environmental Code") concerning an alleged landfill adjacent to the Brindisi Petrochemical Facility. Edison challenged this order before the Apulia Regional Administrative in Lecce. A hearing for oral arguments has not yet been scheduled.

Claims for Damages Caused by Exposure to Asbestos

In recent years, there has been a significant increase in the number of claims for damages arising from the deaths or illnesses of workers that were allegedly caused by exposure to different forms of asbestos at factories formerly owned by Montedison Spa (now Edison) or from judicial cases taken over by Edison as a result of corporate transactions. Without rendering an opinion on the merits of these claims, considering the long latency of illnesses related to exposure to different types of asbestos and the industrial activities carried out in the past by Group companies that belonged to the chemical industry, the presence of these companies throughout Italy and the manufacturing technologies used (considering the dates when these activities were carried out and the state of technological advancement at the time), which complied fully with the laws in force at that time, the possibility that new legitimate claims for damages may emerge in addition to those that are already the subject of several civil and criminal proceedings cannot be excluded.

Other Group Companies

Pizzo Sella Real Estate Development and Seizure of Assets in Sicily

There were no significant new developments with regard to the negative assessment action filed by Finimeg (now Nuova Cisa), formerly the parent company of Poggio Mondello, asking the administrative law judge to rule that the seizure of the Pizzo Sella real estate development for unlawful property subdivision ordered by the Court of Palermo and upheld by the Court of Cassation in December 2001 be ruled unenforceable (the seizure also covers other real estate assets owned by Poggio Mondello) and the appeal concerning the same issues that was filed against the decision handed down by the Court of Palermo. With regard to the appeal, the lower court handed down a decision stating that it lacked jurisdiction (the criminal court being the proper court of venue) and denying the claims for damages filed by Finimeg (now Nuova Cisa) against the City of Palermo.

The lawsuits filed by certain buyers and prospective purchasers of the homes included in the real estate development affected by the order of seizure for criminal violations at the Pizzo Sella development, who sued Edison, Finimeg (now Nuova Cisa), Poggio Mondello and the Municipality of Palermo to recover damages incurred as a result of the seizure of these properties, proceeded through the various levels of the judicial system.

* * * * *

B) **Liabilities for which a provision for risks for contractual guarantees on sale of equity investments was recognized in the balance sheet**, arise mainly from the following proceedings:

Edison Spa

Industrial Site in Bussi sul Tirino

Within the framework of the site remediation process that Ausimont Spa, a company sold in 2002 to Solvay Solexis Spa, a company of the Solvay Group, is implementing in accordance with Ministry Decree No. 471/1999 in connection with the contamination of the Bussi sul Tirino industrial property, Solvay Solexis and Solvay Chimica Bussi, the former in its capacity as the owner of the property, following Ausimont's merger by absorption, and the latter in its capacity as the current operator of the property, served notice on Edison that they filed a series of administrative complaints with the Regional Administrative Court of Latium – Rome seeking, among other remedies, a stay and the subsequent voiding of the administrative decisions pursuant to which they are responsible for implementing activities to ensure the safety and remediation of the abovementioned property, insofar as these decisions fail to list Edison as a liable (or jointly liable) party in the abovementioned proceedings. Edison filed defense briefs contesting in fact and law the complainant's conclusions. In March 2011, the Regional Administrative Court of Latium handed down a decision ruling that part of the complaints filed by Solvay Chimica Bussi and Solvay Solexis were inadmissible and dismissed other complaints. In June 2011, Solvay Chimica Bussi and Solvay Solexis appealed this decision to the Council of State and Edison joined these proceedings putting forth the objections it already raised before the lower court.

As to the criminal proceedings filed by the Public Prosecutor of the Court of Pescara in connection with the environmental conditions at the abovementioned industrial site and the consequences on the aquifer, which is also used as a supply of drinking water, it is worth mentioning that these proceedings have gone through several stages in the judicial process, as a result of which, following an initial indictment, the proceeding reverted to the Court's preliminary hearing phase.

On April 18, 2013, at the preliminary hearing, the Preliminary Hearing Judge of the Court of Pescara denied a motion for summary judgment put forth by the defense counsels and indicted all defendants before the Chieti Lower Court at a hearing tentatively scheduled for September 25, 2013.

All defense counsels for the defendants filed an appeal with the Court of Cassation challenging as abnormal the decision by which Preliminary Hearing Judge denied a motion for summary judgment. A hearing has not yet been scheduled.

Spinetta Marengo Industrial Site

Edison filed an application for voluntary remediation action, subsequently granted, in the environmental remediation proceedings that Ausimont Spa, a company sold in 2002 to Solvay Solexis Spa, a company of the Solvay Group, started pursuant to Ministry Decree No. 471/1999 in connection with the contaminated state of the Spinetta Marengo industrial site in order to better protect its rights. Edison's application was filed after Solvay Solexis (current operator of the facility after its merger by

absorption with Ausimont) petitioned the Regional Administrative Court of Piedmont asking that the administrative decisions requiring it to ensure the safety and environmental remediation of the abovementioned site be held in abeyance and voided, insofar as they fail to identify Edison as a liable (or jointly liable) party in the abovementioned proceedings. Further to understandings reached earlier, Edison participates in the Service Conferences, as they are convened from time to time.

Also with regard to this industrial site, the local court's Public Prosecutor began an investigation targeting several individuals, including three former managers of Montedison (now Edison), alleging that they may have committed environmental crimes.

In these proceedings, the Preliminary Hearings Judge, by a decree dated January 16, 2012, indicted several individuals, including three former Montedison (now Edison) executives, for crimes against public safety and environmental crimes, ordering them to stand for trial before the Court of Alessandria.

The trial before the Court of Alessandria began on October 17, 2012 and the preliminary phase is currently in progress.

Solvay – Edison Arbitration

On May 7, 2012, Edison received a notice that Solvay Sa and Solvay Specialty Polymers Italy Spa filed for arbitration on May 4, 2012 due to alleged violations of certain representations and environmental warrantees provided in a contract signed on December 21, 2001 by which Ausimont Spa was sold by Montedison Spa and Longside International Sa to Solvay Solexis Sa (now Solvay Specialty Polymers) and regarding the industrial sites of Bussi sul Tirino and Spinetta Marengo.

Edison Spa joined the arbitration proceeding on July 6, 2012, contesting the claims put forth by Solvay Sa and Solvay Specialty Polymers Italy Spa and filing a counterclaim.

The arbitration proceedings are governed by the Arbitration Rules of the International Chamber of Commerce, located in Geneva, and will be decided in accordance with substantive Italian law.

On October 9, 2012, the Board of Arbitrators published the procedural calendar, in accordance to which the Board of Arbitrators will review more in detail the claims and exceptions submitted by the parties starting in the second half of 2013.

* * * * *

C) **Liabilities for which a provision for environmental risks was recognized in the balance sheet**, are mainly related to:

Edison Spa

Industria Chimica Saronio Spa Factory – Municipal Administrations of Melegnano and Cerro al Lambro

The Company filed appeals before the Council of State against the decisions handed down on July 16, 2009, by which the Regional Administrative Court of Lombardy dismissed the appeals filed by Edison challenging two feasible and urgent orders issued by the municipal administrations of Cerro and Melegnano, ordering the Company to implement the activities needed to prevent the contamination deriving from a facility decommissioned in the 1960s, formerly owned by Industria Chimica Saronio

Spa (of which Edison is the assign), from migrating from the upper aquifer to the deeper aquifer. Edison and the municipal administrations continue to be engaged in negotiations to implement the abovementioned emergency activities.

Property in Bussi sul Tirino (formerly owned by Montedison Srl)

Within the framework of the administrative proceedings launched with regard to the state of contamination of an industrial property owned by Edison Spa (formerly by Montedison Srl, a company merged into Edison effective as of July 1, 2012) adjacent to the industrial site in Bussi sul Tirino operated by Ausimont Spa, which was sold to Solvay Solexis Spa (a subsidiary of Solvay Sa) in 2002, negotiations with the Delegated Commissioner appointed by the Council of Ministers, without Montedison Srl (now Edison Spa) altering its claim to the status of guiltless owner, resulted in an agreement regarding the financial contribution provided for the emergency projects required to ensure the safety of the property.

On November 22, 2012, further to a request by the Delegated Commissioner for additional work at the site where the abovementioned safety project had been completed, Edison challenged the Commissioner's order before the Regional Administrative Court of Pescara, contesting its lawfulness in fact and in law.

There were no noteworthy developments concerning the two separate appeals that Montedison Srl (now Edison Spa), a company that never operated any activity at the property in question, filed with the Regional Administrative Court against the actions taken by the Delegated Commissioner.

City of Milan, Damage Claim for Montedison's "Former Officine del Gas" Site in Milan – Bovisa

In June 2013, the City of Milan served Edison with a summons to appear before the Court of Milan to provide compensation for damages allegedly related to the remediation costs for the "former Officine del Gas" site in Milan's Bovisa district, quantified at about 20 million euros. At this site, Montedison Spa carried out a gas production and distribution business from 1966 to 1981. The damage claim is also for the damage allegedly suffered by the City of Milan for the loss of value of assets it owns, estimated at about 10 million euros.

* * * * *

D) **Liabilities for which a provision for other legal risks was recognized in the balance sheet,** mainly concern:

Edison Spa

Savings Shareholders / UBS: Challenge of the Resolution Approving the Merger of Edison into Italenergia and Claim of Compensation for Damages

In the lawsuit filed by UBS AG and the Joint Representative of the savings shareholders against Edison, Italenergia Spa and others challenging the merger of Edison and Italenergia Spa, in which the Court of Milan handed down a decision on July 16, 2008 that led to a settlement with UBS AG in June 2009, the settlement offer made by the Company to some savings shareholders who, even though they

failed to take legal action or take any other action that may have legal consequences, are nevertheless claiming compensation was accepted by parties holding about 65% of the shares. However, other claimants filed a legal action with the Lower Court of Milan, which ruled upholding the plaintiffs' complaints. The Company is appealing this decision before the Milan Court of Appeals, and a hearing for closing arguments is scheduled for December 17, 2013.

* * * * *

Contingent liabilities associated with legal disputes

The current status of principal legal disputes that have arisen from past events which are dependent on the occurrence of events that are possible, but non probable, or are probable but their impact cannot be quantified reliably and that are likely to result in a cash outlay of an amount that cannot reasonably be estimated as a result of obligations that existed on the balance sheet date, based on available information, is reviewed below:

Environmental Legislation

In addition to the probable liabilities for environmental risks, already covered by provisions and previously described, in recent years, we have witnessed an expansion and evolution of environmental laws (most recently with Legislative Decree No. 152 of April 3, 2006 "Environmental Regulations", as amended), specifically with regard to liability for environmental damages, which is especially relevant to the purposes of these notes. In particular, the discussion and adoption in several legal systems of the principle of "internalization" of environmental costs (summarized in the expression "those who pollute must pay") have resulted in the development of two new types of liabilities for the act of polluting: objective liability (which does not require the subjective element of guilt) and indirect liability (which stems from the actions of others), which can arise as a result of an earlier act that constitutes a violation of acceptable contamination levels under current laws.
Therefore, taking into account the current and past scope of the industrial operations of the Company and the Group, particularly in the chemical industry, which were carried out in full compliance with the statutes then in force, it cannot be excluded that, in light of current legislation, new allegations of contaminations may arise, in addition to those currently subject to administrative and judicial proceedings.
For more specific considerations on the legislation applicable in Italy, please see the comprehensive disclosure provided in the Consolidated Financial Statements at December 31, 2012.

Edison Spa

Verbania Factory / 1 – Criminal Proceedings for Injuries Caused by Exposure to Asbestos Dust

Following a ruling by which the Court of Cassation set aside a decision by the Turin Court of Appeals in the trial for injuries caused by exposure to asbestos dust at a Verbania plant formerly owned by Montefibre Spa, the new trial pending before the Turin Court of Appeals ended in December 2011 with a full acquittal of the defendants. The Public Prosecutor appealed this decision to the Court of

Cassation. At a hearing held on March 5, 2013, the Court of Cassation upheld the acquittal decision handed down by the Turin Court of Appeals.

Verbania Factory / 2 – Criminal Proceedings for Injuries Caused by Exposure to Asbestos Dust

The Court of Verbania handed down a decision acquitting of all charges the defendants indicted for the crimes of involuntary manslaughter and involuntary personal injuries caused in connection with the death or illness of other employees allegedly caused by exposure to asbestos in different forms at the Verbania factory. The Public Prosecutor appealed this decision to the Turin Court of Appeals, which has not yet scheduled a hearing.

ACEA Unfair Competition

On August 7th, 2006, ACEA Spa filed a complaint before the Court of Rome against several parties, including AEM Spa (now A2A Spa), EdF Sa, Edipower Spa and Edison Spa, for alleged unfair competition, pursuant to Article 2598, Section 3, of the Italian Civil Code, caused by the acquisition of joint control of Edison by EdF and AEM, which purportedly constituted a violation of the 30% ceiling in the ownership of Edipower by a government-owned company, as set forth in the Prime Minister Decree dated November 8, 2000. ACEA considered such modification of control structure of the Edison Group injurious to itself and asked that AEM and EdF be ordered to pay damages and take the actions necessary to void the consequences of their actions (such as the proportional divestment of equity interests held in excess of the abovementioned ceiling and the prohibition to receive energy produced by Edipower in excess of the corresponding allowable quantity). Anyway, regarding the last request of ACEA, it must be noted that since May, 24th, 2012, the participation, held by Edison in Edipower, had been sold by the same Edison to Delmi Spa. With reference to the civil proceeding before the Tribunal of Rome the hearing for filing final motions was held on March 13, 2013 and a decision by the Court is now pending.

Pagnan vs Edison

By a decision handed down on February 4, 2010, the Court of Venice denied the claim filed against Edison, by means of a third-party summons, by Pagnan Spa, a defendant in an action filed by the Ministry of the Environment and for the Protection of the Land and the Sea and the Ministry of Infrastructures for alleged environmental damages caused in the area of the South Channel Dockyard in the Malcontenta section of the Porto Marghera Industrial Park. An appeal was filed on September 21, 2010 and the Court of Appeals of Venice adjourned the proceedings, scheduling a hearing for closing arguments for December 2, 2015.

Vega Offshore Hydrocarbon Field – Vega Oil Vessel

On October 22, 2012, in the proceedings filed by the Public Prosecutor of Modica against several parties, including some Edison Directors and executives, in connection with the alleged pollution caused by the Vega Oil vessel, The Court of Modica, upholding the arguments put forth the counsel for the defendants, voided the decree that ordered the trial, returning the record of the proceedings to the Preliminary Hearing Judge. The new Preliminary Hearing began on December 20, 2012 and Edison's civil representative was summoned to appear. The first hearing was held on March 15, 2013. On that

occasion, the proceedings were adjourned and a new hearing was tentatively scheduled for October 14, 2013, waiting to hear whether the territorial jurisdiction of the Court of Modica is confirmed, due to the fact that this venue could be eliminated pursuant to law as part of the restructuring of Italy's judicial system.

Meraklon / Edison - Edison Energia Spa Dispute

The lawsuit filed by Meraklon against Edison Energia Spa and Edison Spa in relation to a contract to supply electric power to Meraklon's plant in Terni, following Meraklon's challenge of an injunction issued by the Court of Milan in favor of Edison Energia Spa for the purpose of collecting receivables owed pursuant to the abovementioned contract was interrupted upon the plaintiff becoming eligible for extraordinary administration proceedings. In the course of the abovementioned proceedings, Meraklon sued Edison Energia Spa and Edison Spa (the original counterpart in the abovementioned supply contract), putting forth a series of counterclaims against both companies in connection with disputes concerning the supply of electric power, heat and other utilities to the Terni factory. The companies filed a motion for reinstatement of the proceedings before the Court of Terni, which, however, was denied in 2012, with Edison being ordered to pay court costs, set at 1,800 euros, as total amount of professional fees, plus statutory incidental charges. Similar motions for reinstatement filed by Edison Spa and Edison Energia Spa before the Court of Milan, were granted and the proceedings are pending in the preliminary phase.

Angelo Rizzoli / Edison et al.

On September 25, 2009, Angelo Rizzoli sued before the Court of Milan Edison (as assign for Iniziativa Meta Spa), RCS Media Group, Mittel and Giovanni Arvedi in connection with the purchase in 1984 by the abovementioned parties of a controlling interest in Rizzoli Editore (owner of the *Corriere della Sera* newspaper). Intesa San Paolo was also sued, in its capacity as assign for Banco Ambrosiano. The purpose of the lawsuit was to obtain that the contracts that resulted in the abovementioned purchase be found to be and declared null and void and that the defendants be ordered to make restitution by paying the financial equivalent of the rights and equity interests subject of the abovementioned contracts.

By a decision published on January 11, 2012, the Court of Milan denied all of the plaintiff's claims, ordering the plaintiff to refund all litigation costs incurred by the defendants, which, in Edison's case, were quantified at about 1.3 million euros. The Court also ordered Angelo Rizzoli, for liability aggravated by unlawful court conduct pursuant to Article 96 of the Code of Civil Procedure, to pay to each of the defendants, including Edison, the sum of 1.3 million euros.

The losing party is challenging this decision before the Milan Court of Appeals and both parties are now waiting for a hearing to be scheduled.

Torviscosa Power Plant – Cooperativa Fabbri Meccanici a r.l. vs Edison

The arbitration proceedings activated by Cooperativa Fabbri Meccanici a r.l., in composition with creditors proceedings, against Edison are continuing. The complainant is asking that Edison be ordered to pay about 950,000 euros for alleged receivables arising from the performance of a contract for the construction of a building at the Torviscosa power plant. Edison countersued asking that the cooperative be ordered to pay it about 560,000 euros.

The award by which the Board of Arbitrators upheld in part the plaintiff's claims, ordering Edison to pay the amount of about 429,000 euros, plus interest and court costs, was handed down on May 16, 2013.

Cartel Damage Claims – Ausimont: Claim for Damages

In April 2010, Edison was served with notices setting forth four amended briefs filed by Akzo Nobel Nv, Kemira Oyi, Arkema Sa and FMC Foret Sa in proceedings before the Court of Düsseldorf in which Cartel Damage Claims Hydrogen Peroxide Sa, a Belgian company specialized in class action lawsuits, is claiming compensation for alleged damages to competition caused by the members of a cartel for the production and distribution of peroxides and perborates on which the European Commission levied a fine in 2006.

Edison is being sued due to Ausimont's involvement in the antitrust proceedings launched by the Commission. The proceedings are currently in the preliminary phase and the Court of Düsseldorf, by an order dated April 29, 2013, ruled that the lawsuit should be submitted to the Court of Justice of the European Union to address a series of issues concerning claim admissibility and jurisdiction put forth by all respondents.

* * * * *

Probable liabilities associated with tax disputes

The following are the main tax disputes that could give rise to probable liabilities, even though it is not objectively possible to forecast the timing of any related monetary outlays, for which provisions for risks were recognized in the balance sheet.

Edison Spa

Old Edison Spa – Income Tax Assessments for 1995, 1996 and 1997

In the period, there was no significant change in the status of the disputes concerning the corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1995, 1996 and 1997 tax years of the old Edison Spa, absorbed by the current Edison Spa, as they are still pending before the Court of Cassation following appeals filed by the Revenue Administration.

Old Calcestruzzi Spa – Income Tax Assessments for 1991 and 1992

In November 2012, the Company filed a challenge with the Court of Cassation, asking it to review the decisions handed down in July 2012 by the Regional Tax Commission of Emilia Romagna, to which

the proceedings had been returned pursuant to an earlier decision by the Court of Cassation concerning the corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1991 and 1992 tax years.
Specifically, in the review phase, the Regional Commission found that the transaction involving the beneficial ownership of shares executed at the intercompany level could not be used a shield against the Revenue Administration and upheld in full the penalties, but voided some other minor recoveries. Consequently, the Company asked that this decision be reviewed specifically with regard to the penalties and the computation of the taxes resulting from the disallowance of the beneficial ownership transaction for tax purposes. The Office of the Solicitor General, as representative of the Revenue Agency, joined the proceedings without filing an incidental appeal for one of the two years.
In December 2012, the Company paid the taxes resulting from the decisions handed down by the Regional Commission, plus penalties and interest, the collection of which had become enforceable.
However, the payment of taxes and penalties, covered with a provision for risks recognized, should be considered as having been made provisionally, while the proceedings are in progress, and not on a final basis due to the challenges pending before the Supreme Court of Cassation.
The unused surplus in this provision refers to the other recoveries that were annulled by the Commission and partly to an incidental appeal by the Revenue Administration.

IRES and IRAP Assessments

The general audit of Edison Spa concerning income taxes, regional taxes (IRAP) and VAT for the tax years from 2005 to 2010 (up to the starting date of the audit) launched by the Milan Tax Police Unit was completed at the end of May 2011.
Based on the issues raised in an excerpted tax audit report for 2005, completed in September 2010, and in the final tax audit report for the 2006-2009 period, issued in May 2011, the Revenue Agency – Regional Lombardy Division – Office of Major Taxpayers served Edison Spa with corporate income tax (IRES) and IRAP notices of assessment for 2005 and 2006, contesting, for both years, the deductibility of costs incurred with black-listed suppliers (mainly Swiss), thereby dissenting in part with the conclusions reached by the Revenue Police, and, for 2006, expenses found to be "not attributable" to the year in which they were deducted, but nevertheless deductible in another tax period, and costs that were not deductible because they were incurred with black-listed suppliers.
The IRES notice of assessment for 2006 was also served on Transalpina di Energia Srl (TdE) in its capacity as the lead company in the consolidated return.
Further to the challenges filed by the Company and TdE, the consolidating entity, all of which were combined into a single complaint, in May 2013, the Milan Provincial Tax Commission issued a decision favorable to the Company upholding all challenges and voiding in full the notices of assessment.
In December 2012, Edison was served with IRES and IRAP notices of assessment for 2007 (TdE, Edison's controlling company, was also served with a similar IRES notice of assessment), which, based on the issues raised in the tax audit report, disallowed costs incurred with black-listed suppliers,

costs deemed improperly allocated and other costs, of a lesser amount, that were not deemed to be directly attributable. In this case as well, the Company, after attempting to reach a negotiated settlement, filed challenges against these assessments seeking recognition of the lawfulness of its action and the deductibility of the costs it incurred.

In general, for all audited tax years that were the source of disputes, it must be mentioned that virtually all audited, or otherwise contested, costs were found to have been actually incurred and pertinent both by the Revenue Police and the Revenue Agency. The Company, as part of the process of unsuccessfully attempting to reach a negotiated settlement and within the framework of the corresponding disputes, already produced exhaustive documentation and provided ample clarifications as support and evidence of the economic logic of the transactions it executed. Consequently, comforted in part by the recent decision of the Provincial Commission, it is confident that the documents and arguments it produced will result in the final cancellation of the abovementioned assessments.

Disputed Municipal Property Taxes (ICI) and Assessed Values of Hydroelectric and Thermoelectric Power Plants

The Company, like other companies in its industry, is a party to disputes concerning assessments for municipal property taxes (ICI) issued by some municipalities where its power plants are located and to some disputes in which the Territorial Agency is contesting the proposed assessed values.

In view of possible out-of-court settlements with the various municipal administrations on pending or potential disputes, the Company recognized a provision to cover the possible costs.

Other Group Companies

Edison Trading Spa – IRES and IRAP Assessments for 2005

The IRES and IRAP assessments for 2005, which were notified in December 2010, concerned mainly expenses found to be "not attributable" to the year in which they were recognized and deducted, but were nevertheless inherent and effective, were challenged by the Company before the Milan Provincial Tax Commission. The hearing for oral arguments has not yet been scheduled.

In 2012, the Provincial Tax Commission voided the Level II assessments notified to Edison Spa and Edison Trading in 2011. The Revenue Agency has appealed against the decisions.

Edison Trading Spa – General Audit by the Revenue Police

Edison Trading Spa was the subject of a general audit concerning income taxes and indirect taxes launched by the Milan Tax Police Unit which was completed in August 2011.

The findings of the tax audit report included IRES and IRAP mentions for the years from 2006 to 2009 concerning the costs incurred with black-listed suppliers.

The black-listed costs, which were nevertheless recognized as being effective and inherent, will be the subject of a further review by the Revenue Agency, due in part to the supporting documents and explanations provided in response to questionnaires notified by the Revenue Agency in September 2011 for the 2006 tax year and in June 2012 for the 2007-2009 tax years.

The Revenue Agency notified in December 2012 notices of assessment for IRES and IRAP (and IRES notices to Transalpina di Energia Srl, the consolidating entity), for the 2006 and 2007 tax years, but with revenues recoveries significantly reduced compared with the initial amounts exhibited in the tax audit report.

The Company, with the aim of settling its position and minimizing litigation costs, filed for a negotiated settlement for two tax years. A settlement report was signed in May 2013, with the Company paying the agreed amounts, for a total of 1,165,000 euros, including reduced penalties and interest.

The Company is considering the possibility of reaching negotiated settlements also for the other audited tax years.

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Contingent liabilities associated with tax disputes

With regard to the main tax disputes, in connection with which a liability may be incurred contingent on possible, but not probable, events, please note the following:

Edison Spa

Tax Assessments for 2002

There was no change during the period in the dispute concerning the corporate income tax (IRPEG) and regional tax (IRAP) assessments for 2002, which is pending before the Court of Cassation following a primary appeal filed by the Office of the Solicitor General, acting on behalf of Milan Revenue Agency No. 1. The decision handed down in 2009 by the Regional Tax Commission was substantially favorable to the Company.

Dispute for Registration Fees on Transactions Requalified as Disposal of Business Operations (Taranto plants)

On November 9, 2012 Edison Spa was served with a payment notice for registration mortgage and cadastral fees, totaling about 17 million euros, levied by the Rho Revenue Agency based on the presumed requalification of a transaction involving the conveyance of business operations (consisting of the assets and liabilities attributable to the CET2 and CET3 thermoelectric power plants in Taranto) to Taranto Energia Srl and the subsequent sale of the equity interest in this company to ILVA Spa.

The Company believes that its actions were proper, fully in compliance with the law, justified by legal and economic reasons and not pursued solely for tax avoidance purposes. The Company has already challenged this decision, asking for a stay of the collection process. In February 2013, the Milan Provincial Tax Commission issued an order staying the collection enforcement process and held a merit hearing in connection with this dispute in April 2013. In July 2013, the Milan Provincial Tax Commission handed down a merit decision upholding the challenge filed by the Company and voiding the payment notice.

Disputed Municipal Property Taxes (ICI) on Offshore Hydrocarbon Production Platform

In recent years, Edison Spa was served with notices of assessment for property taxes (ICI) by which municipal administrations on the Adriatic coast (Termoli, Porto Sant'Elpidio and Torino di Sangro) requested payment of municipal property taxes on some hydrocarbon production platforms located in the Adriatic Sea.

Up to 2012, all decisions were in the Company's favor. In 2012, the Campobasso Regional Tax Commission, ruling on the notices of assessments for the tax years from 1999 to 2004, partially upheld the challenge filed by the Termoli municipal administration, finding that the tax was owed but disallowing in full the penalties. The appeal before the Supreme Court of Cassation on this decision, asking the Court to confirm that property taxes cannot be levied on offshore hydrocarbon platforms, as already recognized by the Territorial Agency, is being finalized.

The Company intends to seek the suspension of the payment of taxes owed based on the decision by the Regional Commission, while a final decision by the Court of Cassation is pending.

In January 2013, the Campobasso Provincial Tax Commission, ruling on the notices of assessments for the tax years from 2007 to 2009, handed down a decision by which it confirmed the tax liability but disallowed in full the penalties. In this case as well, the Company is finalizing the filing of an appeal.

In 2012, new notices of assessment for municipal property taxes were notified by the municipalities of Termoli (for the 2011 tax year) and Porto Sant'Elpidio (2007-2011 tax years). Appeals contesting these assessments were filed, and a challenge was also filed against the notice of assessment notified early in January 2013 by the municipal administration of Torino di Sangro for municipal property taxes for the 2006-2011 tax years.

The company intends to pursue this dispute with the aim of ensuring that the validity and legitimacy of its actions are recognized, since it believes that the claims of the municipal administration are totally groundless in point of law. In any event, these disputes are not believed to entail a probable risk and, consequently, no provision for risks was recognized.

Other Group Companies

Edison Energia Spa – Customs VAT Assessment for 2001, 2002 and 2003 for the Former EDF Energia Italia Srl

In March 2013, the Court of Cassation reviewed the challenge filed by the Company in the dispute concerning the Customs VAT assessments for 2001, 2002 and 2003 for EDF Energia Italia, later absorbed by the Company, following a decision unfavorable for Edison Energia handed down in 2011 by the Regional Tax Commission. A decision in these proceedings has not yet been handed down.

Following the payment of additional taxes and accrued interest made provisionally in 2011 pending the resolution of the dispute, the Company filed an application for refund both with the Customs Agency and the Revenue Agency, invoking the deductibility of the VAT it paid, should the disputed assessment be confirmed by a final decision. The Revenue Agency denied the refund application and, consequently, the Company challenged this decision reaffirming its request vis-a-vis both Agencies.

Any charges resulting from this dispute are covered by contractual guarantees provided by EDF International.

Edison Trading Spa – VAT Notices of Assessment and Tax Audit Issues Regarding Green Certificates

In recent years, Edison Trading Spa was the recipient of VAT notices of assessment for the years 2005 and 2006 concerning the alleged failure to issue invoices to Edipower Spa for green certificates delivered to Edipower to meet the offsetting requirements for the energy produced pursuant to the Tolling Contract. The Revenue Agency also contested a failure to pay the VAT owed on invoices that Edipower Spa failed to issue, implying that the delivery of the green certificate cause the occurrence of a sort of exchange.

Similar assessments were notified to the other Tollers and, upon the completion of the general tax audit of Edison Trading, the Revenue Police also reviewed and pursued these charges.

Edison Trading Spa, and all the other Tollers, filed an appeal challenging in total the interpretation given by the Agency and arguing that neither a sale and nor a exchange had taken place. All decisions handed down by the Provincial and Regional Tax Commissions have been always in favor of the affected companies and always rejected the Agency's position, voiding the notices of assessment and the imposition of penalties.

At the end of 2012, the Revenue Agency indicated that it planned to drop the assessments for the alleged sale of green certificates and, accordingly, it did not notify a VAT notice of assessment for 2007. During the first half of 2013, the abovementioned Agency filed a formal motion to end the dispute, due to the absence of disputed issues in the pending proceedings, at the next scheduled hearing.

Consequently, all risks related to these disputes and the findings of the audits are no longer applicable.

Contingent assets

Pursuant to IAS 37, the Company discloses that its most significant contingent asset, taking into account the status of the corresponding proceedings, is related to the **Antitrust Proceedings Against Ausimont**, in connection with which appellate proceedings are currently pending before the Court of Justice of the European Union.

In particular please note that by a motion filed on September 1, 2011 and received by the Company on September 8, the European Commission appealed before the Court of Justice of the European Union a decision published on June 16, 2011, by which the European Union Court upheld the challenge filed by Edison and, consequently, set aside the decision by which the European Commission, alleging violations of Article 81 of the EC Treaty and Article 53 of the SEE Agreement concerning a cartel in the market for hydrogen peroxide and its derivatives, sodium perborate and sodium percarbonate, ordered Edison to pay a fine of 58.1 million euros, including 25.6 million euros payable jointly with Solvay Solexis. In the interim, Edison having paid on a provisional basis in 2006 the amount of 45.4

million euros, which is equal to the sum of the entire fine levied on it and one-half of the fine levied jointly on Edison and Solvay Solexis, obtained from the Commission, by virtue of the abovementioned Court decision, the repayment of 32.5 million euros, which is the portion of the fine attributable to Edison exclusively.

In tax disputes please also note the following:

Dispute for Registration Fees on Transactions Requalified as Disposal of Business Operations (CIP 6/92 plants)

In July 2010, Edison Spa was served with a payment notice for additional registration, mortgage and cadastral fees, totaling about 11 million euros, levied by the Rho Revenue Agency in connection with a transaction involving the conveyance of business operations (consisting of five CIP 6/92 power plants and an equity interest) executed in the first half of 2008. This conveyance was followed by the sale of the corresponding equity investment to Cofatech Spa. The higher taxes were levied on the assumption that the transactions constituted in fact the sale of a business, with the Agency invoking the requalification for tax purposes of the instruments executed by the Company.
While the proceedings are in progress, having been unsuccessful in securing a stay of the collection action within the deadline of 60 days from the notification of the payment notice, the Company paid the additional taxes owed in order to avoid prejudicial collection actions.
In June 2011, the Milan Provincial Tax Commission upheld in its entirety the appeal filed by the Company challenging the payment notice. In its decision, the Commission agreed that the payment notice was improper and, on the merit, that the Company's choices regarding the structure of the transactions it executed were correct and not pursued solely for tax avoidance purposes.
The Revenue Agency challenged this decision in January 2012 and, on December 21, 2012, the Regional Tax Commission upheld the Agency's challenge and confirmed the payment notice issued by the Agency. The Company challenged this decision before the Court of Cassation asking it to find that its actions were both valid and proper.

GROUP FINANCIAL RISK MANAGEMENT

This Section describes the policies and principles adopted by the Edison Group to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities (CO_2 emissions rights, green certificates and white certificates) and other risks related to financial instruments (foreign exchange risk, interest rate risk, credit risk and liquidity risk).

A more detailed description of these issues is provided in Consolidated Financial Statements at December 31, 2012, which should be consulted for more detailed information.

In accordance with IFRS 7, the paragraphs that follow provide information about the nature of the risk related to financial instruments, based on accounting and management sensitivity considerations.

1. Commodity Price Risk and Exchange Rate Risk Related to Commodity Transactions

Consistent with its Energy Risk Policies, the Edison Group manages this risk within the limit of an Economic Capital amount — measured in terms of Profit at Risk (PaR[2]) — approved by the Board of Directors for the Industrial Portfolio, including both transactions that hedge contracts to buy or sell commodities and the Group's production and assets. The Economic Capital represents the risk capital, stated in million euros, available to hedge market risks.

A simulation is carried out for the derivatives instruments that hedge the Industrial Portfolio, some of which qualify for hedge accounting under IAS 39 (Cash Flow Hedge) while others qualify as Economic Hedge, to assess the potential impact that fluctuations in the market prices of the underlying assets could have on the fair value of outstanding derivatives. Issues concerning the Italian forward market for electric power are discussed in the Consolidated Financial Statements at December 31, 2012.

The table below shows the maximum negative variance in the fair value of outstanding financial derivatives expected over the time horizon of the current year, with a 97.5% probability, compared with the fair value determined at June 30, 2013, which is 321 million euros (126.5 million euros at June 30, 2012). In other words, compared with the fair value determined for financial derivatives outstanding at June 30, 2013, the probability of a negative variance greater than 321 million euros by the end of 2013 is limited to 2.5% of the scenarios.

	1st half 2013		1st half 2012	
Profit at Risk (PaR)	Level of probability	Expected negative variance in fair value (in millions of euros)	Level of probability	Expected negative variance in fair value (in millions of euros)
Edison Group	**97.5%**	**321**	97.5%	126.5

The corresponding value at December 31, 2012 was 259.2 million euros.

[2] Profit at Risk is a statistical measurement of the maximum potential negative variance in the projected margin in response to unfavorable market fluctuations, within a given time horizon and confidence interval.

The significant increase, compared with the level measured at June 30, 2012, is due primarily to a higher net volume of financial derivatives executed to hedge forward sales for 2013, 2014 and 2015.
The hedging strategy deployed during the period enabled the Group to comply with its risk management objectives, lowering the Industrial Portfolio's commodity price risk profile within the approved limit of Economic Capital. Without hedging, the average amount of Economic Capital absorbed in the first half of 2013 by the Industrial Portfolio would have been equal to 111% of the approved limit (55% in the first half of 2012), with a peak of 160% in January 2013 (80% in January 2012) (and the approved limit was exceeded by an average of 11% during the first half of 2013). With hedging, the average Economic Capital absorption in the first half of 2013 by the Industrial Portfolio was 70% (48% in the first half of 2012), with a peak of 98% in January 2013 (74% in January 2012).

Approved activities that are part of the core businesses of the Edison Group include physical and financial commodity trading, which must be carried out in accordance with special procedures and segregated at inception in special Trading Portfolios, separated from the Group's Industrial Portfolio. Trading Portfolios are monitored based on strict risk ceilings. Compliance with these ceilings is monitored by an organizational unit independent of the trading unit. The daily Value-at-Risk (VaR[3]) limit with a 95% probability on the Trading Portfolios is 3.7 million euros (3.9 million euros at June 30, 2012), with a stop loss limit of 19.5 million euros (20.2 million euros at June 30, 2012). The VaR limit was 51% utilized at June 30, 2013 (34% at June 30, 2012), with an average utilization of 47% for the period (50% in the first half of 2012).

As is the case for the Industrial Portfolio, an Economic Capital that represents the total risk capital available to support the market risks entailed by trading activities is allocated to the entire set of Trading Portfolios. In this case, the Economic Capital ceiling takes into account the risk capital associated with the VaR of the portfolios and the risk capital estimated by means of stress tests for potentially illiquid positions. The Economic Capital ceiling for the entire set of Trading Portfolios is 58.6 million euros (60.5 million euros at June 30, 2012). This limit was 56% utilized at June 30, 2013 (38% at June 30, 2012), with an average utilization of 52% for the period (56% at June 30, 2012).

[3] Value at risk is a statistical measurement of the maximum potential negative variance in the portfolio's fair value in response to unfavorable market moves, within a given time horizon and confidence interval.

2. Foreign Exchange Risk

The foreign exchange risk arises from the fact that part of the activities of the Edison Group are carried out in currencies other than the euro or are influenced by changes in foreign exchange rates through contractual components indexed to a foreign currency. Revenues and expenses denominated in foreign currencies can be affected by fluctuations in foreign exchange rates that have an impact on sales margins (economic risk). Likewise, the amount of trade and financial payables and receivables denominated in foreign currencies can be affected by the translation rates used, with an impact on profit or loss (transactional risk). Lastly, fluctuations in foreign exchange rates have an impact on consolidated results and on the shareholders' equity attributable to Parent Company shareholders because the financial statements of subsidiaries denominated in a currency other than the euro are translated into euros from each subsidiary's functional currency (translational risk).
Insofar as the foreign exchange risk management objectives are concerned, there were no significant changes compared with the comments provided in the Consolidated Financial Statements at December 31, 2012, which should be consulted for additional information.

3. Interest Rate Risk

The Edison Group is exposed to fluctuations in interest rates specifically with regard to the measurement of debt service costs. Consequently, it values on a regular basis its exposure to the risk of fluctuations in interest rates, which it manages with hedging derivatives, some of which qualify for hedge accounting under IAS 39 (Cash Flow Hedges and Fair Value Hedges), while others qualify as Economic Hedges.

Gross Financial Debt	06.30.2013			12.31.2012		
Mix fixed and variable rate: (in millions of euros)	without derivatives	with derivatives	% with deriv.	without derivatives	with derivatives	% with deriv.
- fixed rate portion (included structures with CAP)	2,643	2,068	59%	1,847	1,279	36%
- variable rate portion	886	1,461	41%	1,688	2,256	64%
Total gross financial debt (*)	**3,529**	**3,529**	**100%**	**3,535**	**3,535**	**100%**

(*) For a breakdown of gross financial debt see the "Liquidity Risk" secion of this report.

At June 30, 2013 the Edison Group reduced its exposure to the interest rate risk compared with December 31, 2012. The variable rate component, including outstanding derivatives, changed from 64% to 41%. Specifically, part of the refinancing of Edison Spa, i.e, the Term Loan of 800 million euros granted by EDF Investissements Groupe, was provided at a fixed rate set for the duration of the loan (seven-year IRS).

Nothing has changed with regard to the transactions hedging bond issues compared with December 31 2012. Therefore, please see disclosures comments reported in the Consolidated Financial Statement at December 31, 2012.

The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity, respectively, of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in the first half of 2013 and provides a comparison with the same period in 2012.

Sensitivity analysis (in millions of euros)	**1st half 2012** Impact on the income statement (P&L)			**12.31.2012** Impact on the Cash Flow Hedge reserve (S.E.)		
	+50 bps	**base**	**-50 bps**	**+50 bps**	**base**	**-50 bps**
Edison Group	**68**	**55**	**41**	**-**	**-**	**-**

Sensitivity analysis (in millions of euros)	**1st half 2013** Impact on the income statement (P&L)			**06.30.2013** Impact on the Cash Flow Hedge reserve (S.E.)		
	+50 bps	**base**	**-50 bps**	**+50 bps**	**base**	**-50 bps**
Edison Group	**32**	**30**	**26**	**-**	**-**	**-**

4. Credit Risk

The credit risk represents the Edison Group's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations.

To control this risk, the Edison Group implemented procedures and programs designed to evaluate customer credit worthiness (using specially designed scoring grids) and subsequently monitor the expected cash flows and any collection actions.

The Edison Group is currently a party to contracts assigning trade receivables without recourse on a monthly and quarterly revolving basis and by the transfer of the credit risk on a without recourse basis. The receivables assigned with such transactions in 2013 totaled 2,977 million euros (2,482 million euros at June 30, 2012). At June 30, 2013, the amount of receivables that were exposed to the risk of recourse is less than 1 million euros.

Lastly, when it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), the Edison Group deals only with entities with a high credit rating. At June 30, 2013, there were no significant exposures to risks related to a possible further deterioration of the overall financial environment and no significant levels of concentration in the hands of single non-institutional counterparts.

The table below provides an overview of gross trade receivables, the corresponding allowance for doubtful accounts and the guarantees that the Group holds to secure its receivables. The size of the allowance for doubtful accounts is determined prudently according to the different underlying credit status or - in particular for credit by residential customers - taking into account the relative seniority of overdue.

The changes in receivables outstanding at June 30, 2013, compared with December 31, 2012, is mainly due to temporary effects of the revision of the long terms contracts to import natural gas and to the time required to collect receivables from customers in the Retail and Public Administration segments, which continues to be longer than contractually stipulated.

(in millions of euros)	**06.30.2013**	12.31.2012
Gross trade receivables	3,907	3,598
Allowance for doubtful accounts (-)	(282)	(207)
Trade receivables	**3,625**	**3,391**
Guarantees held (*)	550	643
Receivables less than 6 months in arrears	533	442
Receivables 6 to 12 months in arrears	209	200
Receivables more than 12 months in arrears	499	384

(*) Including 110 million euros to hedge receivables outstanding at June 30, 2013

With references to foreign activities, which were adversely affected by the local political and economic situation, it is worth noting that the past-due receivables owed in Egypt at June, 2013 by the Egyptian General Petroleum Corporation (EGPC) (314 million euros), increased by 159 million euros compared with December 31, 2012, further to the formal execution during the period of commercial agreements in force since last year. Please also note the Group negotiated extended payment terms with EGP for past-due receivables, which were discounted taking into account also Egypt country risk.

With regard to Greece, the receivables position and the status of past-due receivables improved during the first half of 2013. Specifically, gross trade receivables decreased from 97 million euros (Edison's pro rata share at December 31, 2012) to 68 million euros and past-due receivables fell to 50 million euros (Edison's pro rata share; 69 million euros at the end of 2012).

5. Liquidity Risk

The liquidity risk is the risk that the Group may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The table that follows provides a worst-case scenario. Specifically, the liabilities reflect all future cash outflows, in addition to principal and accrued interest, including all interest payments estimated for the entire length of the underlying debt obligation, and taking into account the effect of interest rate derivatives. As a result, the aggregate liability amount is larger than the gross financial debt amount. In addition, assets (cash and cash equivalents, trade receivables, etc.) are not taken into account and financing facilities are treated as if repayable on demand, in the case of revocable lines of credit, or on the first due date when repayment can be demanded, in other cases.

Worst-case scenario (in millions of euros)	**06.30.2013**			12.31.2012		
	1 to 3 months	More than 3 months and up to 1 year	After 1 year	1 to 3 months	More than 3 months and up to 1 year	After 1 year
Bonds	30	40	1,939	16	53	1,955
Financial debt and other financial liabilities	97	101	1,381	24	1,239	129
Trade payables	2,403	30	-	2,418	22	-
Total	**2,530**	**171**	**3,320**	**2,458**	**1,314**	**2,084**
Guarantees provided to third parties (*)	**168**	**520**	**556**	**448**	**433**	**395**

(*) These guarantees, mainly of a commercial nature and related to the Group's core businesses, are shown based on their remaining contractual maturity. For further details, see the "Commitments, Risks and Contingent Assets" section of this Report.

The table above shows the completed refinancing of maturing debt, in particular:

- At December 31, 2012, debt due within one year included a syndicated standby credit line (face amount of 1,500 million euros) provided to Edison Spa, against which 1,150 million euros had been drawn at that time; it was repaid at maturity on April 11, 2013.
- On April 9, 2013, Edison signed agreements with companies of EDF Group for two new facilities (for a total face amount of 1,400 million euros), granted by EDF Investissements Groupe Sa (for 800 million euros, with seven-year maturity) and by EDF SA (for 600 million euros, with two-year maturity). Both loans were classified into financial debts with maturity due after one year (face amount of 1,200 million euros) and were added to the bond issues floated by Edison (face amount of 1,800 million euros).

The new facilities signed with EDF companies, which were used to refinance the expiring syndicated standby credit line, as mentioned in the Consolidated Financial Statement at December 31, 2012, are part of a structured refinancing plan capable of providing the Group with an efficient coverage both of its short-term needs and its long-term operating requirements. The loan provided by EDF Investissements Groupe Sa, which has been drawn down for its full amount and is repayable by repayment in a lump sum at maturity, is appropriated for coverage of medium/long-term operating requirements. The EDF Sa loan, which has a shorter maturity and is structured on a revolving basis, is designed to provide the flexibility needed to address short-term needs. It was drawn down for 400 million euros at June 30, 2013.

The abovementioned transactions result a lengthening of total debt maturities with the substantial absence of liquidity risk.

Please also note that the centralized cash management agreement, signed in 2012 by EDF Sa and Edison Spa, provides adequate short term financial flexibility to the Company and its subsidiaries allowing a debt exposure of current account up to 199 million euro.

Finally, please note that the group Edison has 516 million euros cash and cash equivalents on hand at June 30, 2013.

The table that follows provides a breakdown by maturity of the Group's gross financial debt at June 30, 2013. However, the amounts shown are not accurately indicative of the exposure to the liquidity risk because they do not reflect expected nominal cash flows, using instead amortized cost or fair value valuations.

(in millions of euros)	06.30.2014	06.30.2015	06.30.2016	06.30.2017	06.30.2018	After 5 years	Total
Bonds	100	1,199	(1)	(1)	600	-	1,897
Financial debt and other financial liabilities :							
- due to banks	173	14	12	9	4	27	239
- due to other lenders	168	401	4	5	8	807	1,393
Gross financial debt	**441**	**1,614**	**15**	**13**	**612**	**834**	**3,529**

6. Default Risk and Debt Covenants

This type of risk arises from the possibility that loan agreements or bond indentures to which Group companies are a party may contain provisions that, if certain events were to occur, would empower the lenders, be they banks or bondholders, to demand that the borrower repay immediately the loaned amounts, which, consequently, would create a liquidity risk (see the "Liquidity Risk" paragraph above).

The following three bond issues floated by the Group (Euro Medium Term Notes) with a total face value of 1,800 million euros were outstanding at June 30, 2013:

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturity	Face value (in millions of euros)	Coupon	Current rate
EMTN 07/2009	Edison Spa	Luxembourg Stock Exch.	XS0441402681	5	07.22.2014	700	Fixed annual	4.250%
EMTN 03/2010	Edison Spa	Luxembourg Stock Exch.	XS0495756537	5	03.17.2015	500	Fixed annual	3.250%
EMTN 11/2010	Edison Spa	Luxembourg Stock Exch.	XS0557897203	7	11.10.2017	600	Fixed annual	3.875%

Outstanding debt obligations of the Group include non-syndicated facilities totaling 1,548 million euros and syndicated facilities amounting to 76 million euros, the unused portion of which was 203 million euros at June 30, 2013.

As previously mentioned the syndicated standby credit line, provided to Edison Spa, was refunded at maturity in April 2013 (face amount of 1,500 million euros) and Edison signed agreements with companies of EDF Group on two medium/long term facilities for respectively 800 million euros and 600 million euros. They do not require compliance with specific financial covenants and, more generally, the system of obligations and prohibitions contained in the contractual documentation is entirely in line with the practice of international markets for borrowers in the credit standing of Edison.

As regards the other smaller operations executed, the related regulations and the covenants associated with them, nothing has changed with respect to 31 December 2012 the comments provided in the Consolidated Financial Statements at December 31, 2012 should be consulted for additional information.

At present, the Group is not aware of the existence of any default situation or non-compliance with covenants.

Analysis of Forward Transactions and Derivatives

Forward Transactions and Derivatives

The Edison Group engages in trading for its own account in physical energy commodities and financial derivatives based on such commodities, in a manner consistent with special Energy Risk Policies. Accordingly, it defined an appropriate risk control structure and the necessary guidelines and specific procedures. The Group views this activity as part of its regular operations and the results derived from it are recognized in the Income Statement and are included in EBIT. Whenever possible, the Group uses hedge accounting, provided the transactions comply with the requirements of IAS 39.

Forward transactions and derivatives can be classified as follows:

1) **Derivatives that qualify as hedges in accordance with IAS 39**. This category includes transactions that hedge the risk of fluctuations in cash flow (Cash Flow Hedges - CFH) and those that hedge the fair value of the hedged item (Fair Value Hedge - FVH).
2) **Forward transactions and derivatives that do not qualify as hedges in accordance with IAS 39**. They can be:
   a. Transactions to manage interest rate and foreign exchange and price risk on energy commodities. For all derivatives that comply with internal risk policies and procedures, realized results and expected values are either included in EBIT, if they refer to activities related to the Industrial Portfolio, or recognized as financial income or expense, in the case of financial transactions.
   b. Trading Portfolios. As explained above, they include physical and financial energy commodity contracts; both realized results and expected values of these transactions are included in EBITDA.

Fair Value Hierarchy According to IFRS 13

The classification of financial instruments at fair value, provided by IFRS 13, based on the reliability of inputs used to measure it, is based on the following hierarchy:

- **Level 1**: Determination of fair value based on quoted prices (unadjusted) for identical assets or liabilities in active markets. Instruments with which Edison Group operates directly in active markets (e.g., futures) are included in this category.
- **Level 2**: Determination of fair value based on inputs other than the quoted prices of Level 1 but which are directly or indirectly observable (e.g., forward contracts or swaps in futures markets).
- **Level 3**: Determination of fair value based on valuation models with inputs not based on observable market data (unobservable inputs). At the moment, there are two types of instruments that are included in this category, unchanged compared with December 31, 2012.

The valuation of financial instruments can entail significant subjective judgment. However, Edison uses prices quoted in active markets, when available, as the best estimate of the fair value of all derivatives.

Instruments Outstanding at June 30, 2013

The tables that follow provide an illustration of the information listed below:

- fair value hierarchy;
- derivatives that were outstanding, classified by maturity;
- the value at which these contracts are reflected on the Balance Sheet, which is their fair value;
- the pro rata share of the fair value referred to above that was recognized on the Income Statement as of the date of execution.

The difference, if any, between the value on the Balance Sheet and the fair value recognized on the Income Statement is the fair value of contracts that qualify as Cash Flow Hedges, which, in accordance with the reference accounting principles, is posted directly to equity reserves.

A) Interest Rate and Foreign Exchange Rate Risk Management

(in millions of euros)	1st half 2013							12.31.2012	
	Fair Value Hierarchy (****)	Notional amount (*)				Balance sheet value (**)	Cumulative impact on the income statement (***)	Notional amount (*)	Balance sheet value (**)
		due within 1 year	due between 2 and 5 years	due after 5 years	Total			Total	
Interest rate risk management:									
- Cash Flow Hedges in accordance with IAS 39	2	2	-	-	2	-	-	3	-
- Fair Value Hedges in accordance with IAS 39	2	-	1,325	-	1,325	84	84	1,325	86
- contracts that do not qualify as hedges in accordance with IAS 39	2	8	760	-	768	(16)	(16)	770	(26)
Total interest rate derivatives		**10**	**2,085**	**-**	**2,095**	**68**	**68**	**2,098**	**60**

	Fair Value Hierarchy (****)	due within 1 year receivable	due within 1 year payable	due between 2 and 5 years receivable	due between 2 and 5 years payable	due after 5 years	Total receivable	Total payable	Balance sheet value (**)	Cumulative impact on the income statement (***)	12.31.2012 Total receivable	12.31.2012 Total payable	12.31.2012 Balance sheet value (**)
Foreign exchange rate risk management:													
- contracts that qualify as hedges in accordance with IAS 39:													
. on commercial transactions	2	2,550	(215)	1,133	(1)	-	3,683	(216)	(31)	-	3,048	(567)	(107)
. on financial transactions	-	-	-	-	-	-	-	-	-	-	-	-	-
- contracts that do not qualify as hedges in accordance with IAS 39:													
. on commercial transactions	2	172	(108)	-	-	-	172	(108)	1	1	504	(14)	(4)
. on financial transactions	2	11	-	-	-	-	11	-	-	-	12	-	-
Total foreign exchange rate derivatives		**2,733**	**(323)**	**1,133**	**(1)**	**-**	**3,866**	**(324)**	**(30)**	**1**	**3,564**	**(581)**	**(111)**

(*) Represents the sum of the notional amounts of the basic contracts that would result from an unbundling of complex contracts.

(**) Represents the net receivable (+) or payable (-) recognized on the balance sheet following the measurement of derivatives at fair value.

(***) Represents the cumulative adjustment to fair value of derivatives recognized on the income statement from the inception of the contract until the date of the financial statements.

(****) For the definition see the previous paragraph "Fair Value hierarchy according to IFRS 13."

B) Commodity Risk Management

	1st half 2013								12.31.2012	
	Fair Value Hierarchy (****)	Notional amount (*)					Balance sheet value (**)	Cumulative impact on the income statement (***)	Notional amount (*)	Balance sheet value (**)
		Unit of measure	Due within one year	Due within two years	Due after two years	Total	(in millions of euros)	(in millions of euros)	Total	(in millions of euros)
Price risk management for energy products										
A. Cash Flow Hedges pursuant to IAS 39, broken down as follows:							**(20)**	**(2)**		**80**
- Natural Gas	2	Millions of therms	(321)	(61)	(3)	(385)	-	-	(353.2)	1
- LNG and oil	2	Barrels	21,539,825	11,361,755	2,596,749	35,498,329	(20)	(2)	24,180,895	79
B. Contracts that qualify as Fair Value Hedges pursuant to IAS 39							**-**	**-**		
C. Contracts that do not qualify as hedges pursuant to IAS 39, to hedge margins:							**(24)**	**(24)**		**(8)**
- Electric power	3	TWh	1.79	-	-	1.79	-	-	4	(2)
- Natural Gas	2	Millions of therms	(324)	(145)	-	(469)	(1)	(1)	(9.01)	(1)
- LNG and oil	2	Barrels	(915,715)	(1,000)	512,900	(403,815)	2	2	62,100	3
- CO_2	2	Millions of tons	3.55	6.23	3.18	12.96	(25)	(25)	7.19	(8)
TOTAL							**(44)**	**(26)**		**72**

(*) + for net purchases, - for net sales.

(**) Represents the net receivable (+) or payable (-) recognized on the balance sheet following the measurement of derivatives at fair value.

(***) Represents the cumulative adjustment to fair value of derivatives recognized on the income statement from the inception of the contract until the date of the financial statements.

(****) For the definition see the previous paragraph "Fair Value hierarchy according to IFRS 13".

C) Trading Portfolios

	1st half 2013								12.31.2012	
	Fair Value Hierarchy (****)	Notional amount (*)					Balance sheet value (**)	Cumulative impact on the income statement (***)	Notional amount (*)	Balance sheet value (**)
		Unit of measure	Due within one year	Due within two years	Due after two years	Total	(in millions of euros)	(in millions of euros)	Total	(in millions of euros)
Derivatives							**(38)**	**(38)**		**2**
- Electric power	1 / 2	TWh	3.76	3.47	0.47	7.70	(34)	(34)	4.85	(1)
- Natural Gas	2 / 3	Millions of therms	28	-	-	28	1	1	69.57	3
- LNG and oil	2	Barrels	(107,800)	-	-	(107,800)	-	-	-	-
- CO_2	1 / 2	Millions of tons	(3.74)	(0.13)	-	(3.87)	(5)	(5)	(0.05)	-
Physical contracts							**67**	**67**		**13**
- Electric power	2 / 3	TWh	(1.69)	(2.82)	(0.50)	(5.01)	67	67	(15.76)	16
- Natural gas	2 / 3	Millions of therms	796	(769)	-	27	-	-	101	(3)
TOTAL							**29**	**29**		**15**

(*) + for net purchases, - for net sales.

(**) Represents the net receivable (+) or payable (-) recognized on the balance sheet following the measurement of derivatives at fair value.

(***) Represents the cumulative adjustment to fair value of derivatives recognized on the income statement from

(****) For the definition see the previous paragraph "Fair Value hierarchy according to IFRS 13."

Effects of Hedging Derivative and Trading Transactions on the Income Statement and Balance Sheet in the first half of 2013

The disclosure below provides an analysis of the financial results generated by derivative hedging and trading transactions at June 30, 2013, including the effects of physical energy commodity contracts.

	1st half 2013						2012
(in millions of euros)	**Realized during the period** (A)	**Fair value recognized for contracts outstanding at 12.31.2012** (B)	*Portion of (B) contracts realized during the period* (*B1*)	**Fair value recognized for contracts outstanding at 06.30.2013** (C)	**Change in fair value in the period** (D)=(C-B)	**Amounts recognized in earnings** (A+D)	**Amounts recognized in earnings 1st half 2012**
Sales revenues, Other revenues and income and Net change in fair value of commodity derivatives (see Notes 1, 2 and 6 to the Income Statement)							
Price risk hedges for energy products							
- definable as hedges pursuant to IAS 39 (CFH) (**)	74	-	-	-	-	74	62
- not definable as hedges pursuant to IAS 39	19	4	2	8	4	23	(7)
Exchange risk hedges for commodities			-				
- definable as hedges pursuant to IAS 39 (CFH)	-	1	1	-	(1)	(1)	-
- not definable as hedges pursuant to IAS 39	-	-	-	1	1	1	2
Margin on physical trading activities							
- Sales revenues from physical contracts included in the Trading Portfolios (***)	1,719	120	68	350	230	1,949	2,258
- Raw materials and services used from physical contracts included in the Trading Portfolios (***) (&)	(1,683)	(107)	(61)	(283)	(176)	(1,859)	(2,228)
Total margin on physical trading activities	*36*	*13*	*7*	*67*	*54*	*90*	*30*
Total (A)	**129**	**18**	**10**	**76**	**58**	**187**	**87**
Raw materials and services used and Net change in fair value of commodity derivatives (see Note 3 and 6 to the Income Statement)							
Price risk hedges for energy products							
- definable as hedges pursuant to IAS 39 (CFH)	(40)	-	-	(2)	(2)	(42)	(74)
- not definable as hedges pursuant to IAS 39	(14)	(12)	(2)	(32)	(20)	(34)	9
Exchange risk hedges for commodities							
- definable as hedges pursuant to IAS 39 (CFH) (*) (**)	(46)	(1)	(1)	-	1	(45)	(24)
- not definable as hedges pursuant to IAS 39	-	-	-	(1)	(1)	(1)	(2)
Margin on financial trading activities							
- Other revenues and income from derivatives included in the Trading Portfolios (****)	18	25	8	38	13	31	45
- Raw materials and services used from derivatives included in the Trading Portfolios (****)	(34)	(23)	(12)	(76)	(53)	(87)	(48)
Total margin on financial trading activities	*(16)*	*2*	*(4)*	*(38)*	*(40)*	*(56)*	*(3)*
Total (B)	**(116)**	**(11)**	**(7)**	**(73)**	**(62)**	**(178)**	**(94)**
TOTAL INCLUDED IN EBIT (A+B)	**13**	**7**	**3**	**3**	**(4)**	**9**	**(7)**
Interest rate hedges, broken down as follows:							
Financial income							
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-	-
- definable as hedges pursuant to IAS 39 (FVH)	13	86	11	84	(2)	11	44
- not definable as hedges pursuant to IAS 39	11	3	-	4	1	12	6
Total financial income (C)	**24**	**89**	**11**	**88**	**(1)**	**23**	**50**
Financial expense							
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-	-
- definable as hedges pursuant to IAS 39 (FVH)	(18)	-	-	-	-	(18)	(19)
- not definable as hedges pursuant to IAS 39	(17)	(29)	-	(20)	9	(8)	(11)
Total financial expense (D)	**(35)**	**(29)**	**-**	**(20)**	**9**	**(26)**	**(30)**
Margin on interest rate hedging transactions (C+D)=(E)	**(11)**	**60**	**11**	**68**	**8**	**(3)**	**20**
Foreign exchange rate hedges broken down as follows:							
Foreign exchange gains							
- definable as hedges pursuant to IAS 39	17	-	-	-	-	17	-
- not definable as hedges pursuant to IAS 39	31	-	-	1	1	32	29
Total foreign exchange gains (F)	**48**	**-**	**-**	**1**	**1**	**49**	**29**
Foreign exchange losses							
- definable as hedges pursuant to IAS 39	(14)	-	-	-	-	(14)	-
- not definable as hedges pursuant to IAS 39	(20)	(4)	(4)	-	4	(16)	(16)
Total foreign exchange losses (G)	**(34)**	**(4)**	**(4)**	**-**	**4**	**(30)**	**(16)**
Margin on foreign exchange hedging transactions (F+G)= (H)	**14**	**(4)**	**(4)**	**1**	**5**	**19**	**13**
TOTAL INCLUDED IN NET FINANCIAL INCOME (EXPENSE) (E+H) (see Note 8 to the Income Statement)	**3**	**56**	**7**	**69**	**13**	**16**	**33**

(*) Includes the effective portion included in "Raw materials and services used" (Note 3 to the Income Statement) for purchases of natural gas.

(**) Includes the ineffective portion.

(***) Amounts included in "Sales revenues" (Note 1 to the Income Statement) under margin on physical trading activities.

(****) Amounts included in "Raw materials and sercices used" (Note 3 to the Income Statement) under margin on financial trading activities.

(&) Includes the fair value adjustment of trading inventories, the carrying amount of which was virtually nil at 06.30.2013

The table below provides a breakdown of the amounts recognized on the Balance Sheet following the measurement at fair value of the derivatives and physical contracts outstanding on the date of the financial statements and their classification on the fair value hierarchy as required by IFRS 13:

(in millions of euros)	**06.30.2013**		12.31.2012	
	Receivables	**Payables**	Receivables	Payables
Foreign exchange transactions	16	(46)	10	(121)
Interest rate transactions	88	(20)	89	(29)
Commodity transactions	441	(456)	264	(177)
Fair value recognized as current assets or current liability	**545**	**(522)**	**363**	**(327)**
Broken down as follows:				
- recognized as "Trade receivables and payables"	350	(283)	120	(107)
- recognized as "Other receivables and payables"	107	219	154	(191)
- recognized as "Current financial assets" and "Short-term financial debt"	88	(20)	89	(29)

With regard to these items, please note that a negative Cash Flow Hedge reserve amounting to 49 million euros, before the corresponding deferred-tax assets and liabilities, was recognized in connection with the receivables and payables shown above.

Classes of Financial Instruments

The table provided below, which lists the types of financial instruments recognized in the financial statements (at June 30, 2013, and for comparative purpose, at December 31, 2012) showing the valuation criteria applied and, in the case of financial instruments measured at fair value, whether gains or losses were recognized in earnings or in equity and their classification on the fair value hierarchy, completes the disclosures required by IFRS 13. The last column in the table shows, if applicable, the fair value of financial instruments at end of period.

The Edison Group has chosen not to adopt the value option and, consequently, neither financial debt nor bonds were restated at fair value.

Situation at June 30, 2013

(in millions of euros)	Criteria applied to value financial instruments in the financial statements										
	Financial instruments valued at fair value										
Financial instrument type	with change in fair value recognized in:			**Total Fair Value (A)**	Fair Value Hierarchy (notes a, b, c)			**Financial instruments valued at amortized cost (B)**	**Equity investments valued at cost (C)**	**Carrying value at 06.30.2013 (A+B+C)**	Fair value at 06.30.2013
	earnings	equity			1	2	3				
	(a)	(b)	(c)				(m)	(d)	(e)		
ASSETS											
Available-for-sale equity investments,											
- unlisted securities	177	-	-	**177**	-	-	177	**-**	**4**	**181**	n.a.
- listed securities	2	-	-	**2**	2	-	-	**-**	**-**	**2**	2
										183	
Other financial assets [g] [l]	-	-	-	**-**	-	-	-	**69**	**-**	**69**	69
Other assets [l]	-	-	-	**-**	-	-	-	**497**	**-**	**497**	497
Trade receivables [i] [l]	350	-	-	**350**	-	345	5	**3,275**	**-**	**3,625**	3,625
Other receivables [f] [l]	49	58	-	**107**	10	97	-	**466**	**-**	**573**	573
Current financial assets [f] [h] [l]	93	-	-	**93**	5	88	-	**4**	**-**	**97**	97
Cash and cash equivalents [l]	-	-	-	**-**	-	-	-	**516**	**-**	**516**	516
LIABILITIES											
Bonds (current and non-current)	1,855	-	-	**1,855**	-	1,855	-	**42**	**-**	**1,897**	1,943
Financial debt (current and non-current) [f]	20	-	-	**20**	-	20	-	**1,612**	**-**	**1,632**	1,641
Trade payables [i] [l]	283	-	-	**283**	-	276	7	**2,025**	**-**	**2,308**	2,308
Other liabilities [f] [l]	112	107	-	**219**	24	194	-	**612**	**-**	**831**	831

(a) Assets and liabilities measured at fair value, with changes in fair value recognized in earnings.

(b) Cash flow hedges.

(c) Available-for-sale financial assets measured at fair value, with gains/losses recognized in equity.

(d) Loans, receivables and financial liabilities valued at amortized cost.

(e) Available-for-sale financial assets consisting of investments in unlisted securities the fair value of which cannot be measured reliably are valued at cost, reduced by any impairment losses.

(f) Includes receivables and payables resulting from the measurement of derivatives at fair value.

(g) Includes 64 million euros in loans receivable classified as long term following the adoption of IFRIC 4.

(h) Includes equity investments held for trading.

(i) Includes receivables and payables from the measurement at fair value of physical contracts in Trading Portfolios.

(l) The fair value of the components of these items that are not derivatives or loans was not computed because it is substantially the same

(m) The fair value classified at Level 3 is recognized in the amount of -2 million euros as part of the physical trading margin included in Sales revenues (5 million euros as revenues and 7 million euros as costs).

Situation at December 31, 2012

(in millions of euros)	Criteria applied to value financial instruments in the financial statements										
	Financial instruments valued at fair value										
Financial instrument type	with change in fair value recognized in:			Total Fair Value (A)	Fair Value Hierarchy (notes a, b, c)			Financial instruments valued at amortized cost (B)	Equity investments valued at cost (C)	Carrying value at 12.31.2012 (A+B+C)	Fair value at 12.31.2012
	earnings	equity			1	2	3				
	(a)	(b)	(c)				(m)	(d)	(e)		
ASSETS											
Available-for-sale equity investments, including:											
- unlisted securities	179	-	-	**179**	-	-	179	**-**	**5**	**184**	n.a.
- listed securities	-	10	-	**10**	10	-	-	**-**	**-**	**10**	10
										194	
Other financial assets [(g)] [(l)]	-	-	-	**-**	-	-	-	**75**	**-**	**75**	75
Other assets [(l)]	-	-	-	**-**	-	-	-	**108**	**-**	**108**	108
Trade receivables [(i)] [(l)]	120	-	-	**120**	-	115	5	**3,271**	**-**	**3,391**	3,391
Other receivables [(f)] [(l)]	31	123	-	**154**	2	149	3	**408**	**-**	**562**	562
Current financial assets [(f)] [(h)] [(l)]	94	-	-	**94**	5	89	-	**5**	**-**	**99**	99
Cash and cash equivalents [(l)]	-	-	-	**-**	-	-	-	**753**	**-**	**753**	753
LIABILITIES											
Bonds (current and non-current)	1,878	-	-	**1,878**	-	1,878	-	**22**	**-**	**1,900**	1,945
Financial debt (current and non-current) [(f)] [(l)]	29	-	-	**29**	-	29	-	**1,606**	**-**	**1,635**	1,643
Trade payables [(i)] [(l)]	107	-	-	**107**	-	101	6	**2,333**	**-**	**2,440**	2,440
Other liabilities [(f)] [(l)]	41	150	-	**191**	3	184	4	**501**	**-**	**692**	692

[(a)] Assets and liabilities measured at fair value, with changes in fair value recognized in earnings.

[(b)] Cash flow hedges.

[(c)] Available-for-sale financial assets measured at fair value, with gains/losses recognized in equity.

[(d)] Loans, receivables and financial liabilities valued at amortized cost.

[(e)] Available-for-sale financial assets consisting of investments in unlisted securities the fair value of which cannot be measured reliably are valued at cost, reduced by any impairment losses.

[(f)] Includes receivables and payables resulting from the measurement of derivatives at fair value.

[(g)] Includes 70 million euros in loans receivable classified as long term following the adoption of IFRIC 4.

[(h)] Includes equity investments held for trading.

[(i)] Includes receivables and payables from the measurement at fair value of physical contracts in Trading Portfolios.

[(l)] The fair value of the components of these items that are not derivatives or loans was not computed because it is substantially the same

[(m)] The fair value classified at Level 3 is recognized in the amount of -1 million euros as part of the physical trading margin included in Sales revenues (5 million euros as revenues and 6 million euros as costs), -2 million euros in Raw Materials and Services Used and 1 million euros as part of the financial trading margin included in Other revenues and income (3 million euros as other revenues and 2 million euros as costs).

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

Consistent with the applicable policies adopted by the Group, transactions with related parties affecting the income statement and balance sheet that were outstanding at June 30, 2013 are reviewed below. The information provided is sufficient to meet the disclosure requirements of IAS 24. These transactions were executed in the normal course of business and on contractual terms that were consistent with standard market practices.

The Board of Directors of Edison Spa approved a Procedure Governing Related-Party Transactions, which went into effect on January 1, 2011 compliant with CONSOB Resolution No. 17221 of March 12, 2010.

(in millions of euros)	*Related Parties pursuant to IAS 24*			Total for related parties	Total for financial statem. line item	Impact %
	With unconsolidated Edison Group companies	*With controlling companies*	*With other EDF Group companies*			
Balance Sheet transactions:						
Investments in associates	50	-	-	**50**	**50**	**100.0%**
Trade receivables	1	-	43	**44**	**3,625**	**1.2%**
Other receivables	1	146	1	**148**	**573**	**25.8%**
Trade payables	1	-	35	**36**	**2,308**	**1.6%**
Other payables	-	200	-	**200**	**831**	**24.1%**
Long-term financial debt and other fin. Liab.	-	399	794	**1,193**	**1,291**	**92.4%**
Short-term financial debt	15	-	5	**20**	**341**	**5.9%**
Cash and cash equivalents	-	236	-	**236**	**516**	**45.7%**
Income Statement transactions:						
Sales revenues	-	-	170	**170**	**6,248**	**2.7%**
Other revenues and income	-	-	1	**1**	**468**	**0.2%**
Raw materials and services used	5	8	111	**124**	**5,936**	**2.1%**
Financial expense	-	1	5	**6**	**93**	**6.5%**
Net foreign exchange translation gains (losses)		5	-	**5**	**11**	**45.5%**
Commitments and contingent risks:						
Other commitments and risks	-	-	21	**21**	**275**	**7.6%**

A) Intercompany Transactions and with Controlling Companies

Transactions between Edison Spa and its subsidiaries and affiliated companies and its controlling companies consist primarily of:

- commercial transactions involving the buying and selling of electric power, natural gas, green certificates and CO_2 certificates;
- transactions involving the provision of services (technical, organizational, legal and administrative) by headquarters staff of Edison Spa;
- financial transactions involving lending and current account facilities established within the framework of the Edison Group's centralized cash management system of Edison Spa with its subsidiaries and of EDF Sa with Edison Spa;
- transactions required to file a consolidated VAT return for the Edison Group (so-called VAT Pool);
- transactions required to file the consolidated IRES return with its controlling company Transalpina di Energia for the years up to 2012 and with WGRM from 2013;
- transactions with EDF Sa involving the provision of services (mainly financial and insurance).

All of the transactions listed above are governed by contracts with conditions that are consistent with market terms (i.e., terms that would have been agreed upon by independent parties), with the exception

of those related to the VAT Pool and the consolidated corporate income tax (IRES) return, which were executed pursuant to law.

Consolidated VAT Return

Edison Spa files a consolidated VAT return (so-called VAT Pool) that includes those companies of the Edison Group that meet the requirements of Article 73, Section 3, of Presidential Decree No. 633/72. The VAT Group return for June 30, 2013 showed a debt of 28 million euros.

Consolidated IRES Return

In 2012, Edison and its main subsidiaries renewed the option of filing a consolidated corporate income tax (IRES) return, headed by the controlling company Transalpina di Energia Srl (TdE), for the three-year period from 2012 to 2014.

Further to the changes that occurred in the stock ownership of TdE in 2012, which resulted in EDF SA acquiring control of Edison, TdE's entire share capital was acquired by WGRM4 Srl (WGRM), the Italian subholding of the EDF Group, which also owns the investment in Fenice Spa.

Consequently, TdE opted to join from 2013 the consolidated tax return filed by WGRM, its controlling company, thereby automatically cancelling the consolidated IRES return that it headed, which had been renewed in 2012.

Starting in 2013 and for the three-year period from 2013 to 2015, Edison Spa and its main subsidiaries also opted to join the consolidated IRES return filed by WGRM. Notices of the dissolution of the preexisting consolidated return by TdE and of the choice of the option for a new 2013-2015 consolidated return by WGRM were formally given in June. Also in June, further to the resolutions adopted by the companies involved, new agreements governing transactions between the companies included in the new scope of IRES consolidation, which basically incorporate the existing stipulation, were formalized.

The companies that agreed to be included in the consolidated IRES return will determine their IRES liability in coordination with the parent company.

Please note that Group companies that operate primarily in the sectors of hydrocarbon exploration and development, production and distribution, transmission or distribution of natural gas, and production and distribution of electric power, including power generated from renewable sources, are subject to a corporate income tax surcharge, which has been set at 10.5% also for 2013. The affected companies are required to pay the surcharge directly, even if they are included in the filing of a consolidated IRES return.

Centralized Cash Management System by EDF Sa

It is worth mentioning that on September, 27 2012, EDF Sa and Edison Spa executed a framework agreement for centralized cash management services, pursuant to which EDF manage the surplus cash and cash needs of the Edison Group, with the aim of optimizing short-term cash flows. At June 30, 2013, the current account established with EDF Sa has a positive balance for 236 million euros.

Loan by EDF Sa

In April EDF Sa granted to Edison Spa a credit line, for a face amount of 600 million euros and with maturity on April 9, 2015, against which 400 million euros had been drawn at June 30, 2013. The loan was provided on terms in line with those granted in the financial market to companies with Edison's credit rating.

B) Transactions with other EDF Group Companies

An analysis of the main transactions with other EDF Group companies is provided below.

1) Commercial Transactions

EDF Group

Transactions executed are the following:

- With Fenice Spa, sales revenues of about 21 million euros, mainly from sales of natural gas.
- With EDF Trading Ltd, sales revenues of 129 million euros and costs of 106 million euros stemming from sales and purchases of commodities.
- With EDF Trading Ltd revenues of 152 million euros and costs of 132 million euros stemming from transactions executed during the period as part of the physical trading activity, these amounts are included in "Sales revenues" on a net basis; as part of the financial trading activity for 1 million euros as revenues and 6 million euros as costs, amounts recorded in "Raw materials and services used" on a net basis.
- With EDF SA costs of 8 million euros for costs of services and assurances;
- With EDF Trading Ltd, commitments of up to 21 million euros within the EDF Carbon Fund to purchase CER/ERU.

The table provided above shows the impact on the balance sheet of the various transactions reviewed above.

2) Financial Transactions

The only outstanding financial transaction with another EDF Group company is reviewed below.

Loan by EDF Investissement Groupe Sa

In April 2013 EDF Investissement Groupe SA, an EDF Group company that handles long-term funding for Group companies, provided Edison Spa with a long-term loan for a face amount of 800 million euros and with maturity on April 9, 2020, which had been drawn down in full at June 30, 2013. The loan was provided on terms in line with those granted in the financial market to companies with Edison's credit rating.

C) Relations with the French State and with its subsidiaries companies

It is worth mentioning that the French State holds 84,4% of the share capital of EDF Sa, controlling shareholder of Edison. At present then GDF Suez Sa, a company in which the French State holds the 36.7% of the share capital, is a related party of Edison.

At June 30, 2013, there were no significant transactions with that company.

OTHER INFORMATION

Significant Nonrecurring Events and Transactions

The Edison Group declares that, as defined in CONSOB Communication No. DEM/6064293 of July 28, 2006, in the first half of 2013 occurred:

- in April 2013 the Court of Arbitration of the ICC – International Chamber of Commerce - has decided the award related to the dispute between Edison and Sonatrach for the revision of the price of the long term gas contract from Algeria;
- in July 2013 an agreement was signed with Ras Laffan for the revision of the long-term contract to import natural gas from Qatar; the relevant effects were recognized as an adjusting event according to IAS 10.

These operations generated a positive effect on EBITDA for about 585 million euros in the first half of 2013.

Transactions Resulting from Atypical and/or Unusual Activities

The Edison Group declares that it did not execute atypical and/or unusual transactions in the first half of 2013, as defined in the CONSOB Communication No. DEM/6064293 of July 28, 2006.

SIGNIFICANT EVENTS OCCURRING AFTER JUNE 30, 2013

Edison: 500 million euros bank loan agreement

On July 10, 2013 Edison Spa entered into a 500 million euro short term loan agreement with a pool of Italian and international banks. The loan, arranged as a Club Deal without any syndication, is an unsecured Revolving Credit Facility. The rate of interest is indexed to Euribor, increased by a spread in line with the current best market conditions, and the facility expires in January 2015. The new credit line further enhances Edison's financial flexibility.

Edison: Finalized agreement with Sonatrach

In July 2013, Edison successfully finalized the agreement with Sonatrach for the Algerian gas procurement contract, related to the second renegotiation cycle.

SCOPE OF CONSOLIDATION AT JUNE 30, 2013

List of equity investments

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2013	Consolidated Group interest (a) 12.31.2012	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
A) Investments in companies included in the scope of consolidation											
A.1) Companies consolidated line by line											
Group Parent Company											
Edison Spa	Milan (IT)	EUR	5,291,700,671								
Electric Power Operations											
Compagnia Energetica Bellunese CEB Spa (single shareholder)	Milan (IT)	EUR	1,200,000	86.12	86.12	100.00	Sistemi di Energia Spa	-	-	S	(i)
CSE Srl (single shareholder) - Electric Power Activities	Pavia (IT)	EUR	12,440	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Dolomiti Edison Energy Srl	Trento (IT)	EUR	5,000,000	49.00	49.00	49.00	Edison Spa	-	-	S	-
Edison Energia Spa (single shareholder) - Electric Power Activities	Milan (IT)	EUR	22,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energie Speciali Sicilia Srl (single shareholder)	Palermo (IT)	EUR	20,000	100.00	100.00	100.00	Edison Energie Speciali Spa (single shareholder)	-	-	S	(i)
Edison Energie Speciali Spa (single shareholder)	Milan (IT)	EUR	4,200,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energy Solutions Spa (single shareholder) - Electric Power Activities	Milan (IT)	EUR	3,000,000	100.00	-	100.00	Edison Energia Spa (single shareholder)	-	-	S	(i)
Edison Engineering Sa	Athens (GR)	EUR	260,001	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison Gas and Power Romania Srl - Electric Power Activities	Bucuresti (RO)	RON	8,400,000	100.000	100.00	99.00 1.00	Edison International Holding Nv Edison Spa	-	-	S	-
Edison Trading Spa (single shareholder)	Milan (IT)	EUR	30,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Gever Spa	Milan (IT)	EUR	10,500,000	51.00	51.00	51.00	Edison Spa	-	-	S	-
Hydros Srl - Hydros Gmbh	Bolzano (IT)	EUR	30,018,000	40.00	40.00	40.00	Edison Spa	-	-	S	-
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.00	70.00	70.00	Edison Spa	-	-	S	(i)
Parco Eolico San Francesco Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00	100.00	100.00	Edison Energie Speciali Spa (single shareholder)	-	-	S	(i)
Presenzano Energia Srl	Milan (IT)	EUR	120,000	90.00	90.00	90.00	Edison Spa	-	-	S	-
Sistemi di Energia Spa	Milan (IT)	EUR	10,083,205	86.12	86.12	86.12	Edison Spa	-	-	S	-
Termica Cologno Srl	Milan (IT)	EUR	9,296,220	65.00	65.00	65.00	Edison Spa	-	-	S	-
Termica Milazzo Srl	Milan (IT)	EUR	23,241,000	60.00	60.00	60.00	Edison Spa	-	-	S	-
Hydrocarbons Operations											
Amg Gas Srl	Palermo (IT)	EUR	100,000	80.00	80.00	80.00	Edison Spa	-	-	S	-
CSE Srl (single shareholder) - Hydrocarbons Activities	Pavia (IT)	EUR	12,440	100.00	-100.00	100.00	Edison Spa	-	-	S	(i)
Edison D.G. Spa (single shareholder)	Selvazzano Dentro (PD) (IT)	EUR	460,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energia Spa (single shareholder) - Hydrocarbons Activities	Milan (IT)	EUR	22,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energy Solutions Spa (single shareholder) - Hydrocarbons Activities	Milan (IT)	EUR	3,000,000	100.00	-	100.00	Edison Energia Spa (single shareholder)	-	-	S	(i)
Edison Gas and Power Romania Srl - Hydrocarbons Activities	Bucuresti (RO)	RON	8,400,000	100.00	100.00	99.00 1.00	Edison International Holding Nv Edison Spa	-	-	S	-
Edison Idrocarburi Sicilia Srl (single shareholder)	Ragusa (IT)	EUR	10,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison International Spa (single shareholder)	Milan (IT)	EUR	75,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2013	Consolidated Group interest (a) 12.31.2012	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Edison Stoccaggio Spa (single shareholder)	Milan (IT)	EUR	90,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Euroil Exploration Ltd	London (GB)	GBP	9,250,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
						0.00	Edison Spa	-	-	-	-
Infrastrutture Trasporto Gas Spa (single shareholder)	Milan (I)	EUR	10,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Corporate Activities											
Atema Limited	Dublin 2 (IRL)	EUR	1,500,000	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison Hellas Sa	Athens (GR)	EUR	263,700	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison International Exploration & Production Bv	Amsterdam (NL)	EUR	18,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison International Holding Nv	Amsterdam (NL)	EUR	73,500,000	100.00	100.00	100.00	Edison Spa	-	-	S	-
Nuova Alba Srl (single shareholder)	Milan (IT)	EUR	2,016,457	100.00	100.00	100.00	Edison Spa	-	-	S	(i)

A.2) Companies consolidated by the proportional method

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2013	Consolidated Group interest (a) 12.31.2012	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Electric Power Operations											
Elpedison Energy Sa	Marousi Athens (GR)	EUR	1,435,600	50.00	50.00	100.00	Elpedison Bv	-	-	JV	-
Elpedison Power Sa	Marousi Athens (GR)	EUR	98,198,000	37.89	37.89	75.78	Elpedison Bv	-	-	JV	-
Ibiritermo Sa	Ibirité - Estado de Minas Gerais (BR)	BRL	7,651,814	50.00	50.00	50.00	Edison Spa	-	-	JV	-
Kinopraxia Thisvi	N. Kiffissia (GR)	EUR	20,000	65.00	65.00	65.00	Edison Engineering Sa	-	-	JV	(iii)
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA) (IT)	EUR	10,200	50.00	50.00	50.00	Edison Energie Speciali Spa (single shareholder)	-	-	JV	-
Sel Edison Spa	Castelbello (BZ) (IT)	EUR	84,798,000	42.00	42.00	42.00	Edison Spa	-	-	JV	-
Hydrocarbons Operations											
Abu Qir Petroleum Company	Alexandria (ET)	EGP	20,000	50.00	50,00	50.00	Edison International Spa (single shareholder)	-	-	JV	-
Ed-Ina D.o.o.	Zagreb (HR)	HRK	20,000	50.00	50.00	50.00	Edison International Spa (single shareholder)	-	-	JV	-
Fayoum Petroleum Co - Petrofayoum	Cairo (ET)	EGP	20,000	30.00	30.00	30.00	Edison International Spa (single shareholder)	-	-	JV	-
ICGB AD	Sofia (BG)	BGL	8,605,660	25.00	25.00	50,00	IGI Poseidon Sa - Nat. Gas Subm. Interc. Gre-Ita-Poseidon	-	-	JV	-
IGI Poseidon Sa-Nat. Gas Subm. Interc. Gre-Ita-Poseidon	Herakleio Attiki (GR)	EUR	26,400,000	50.00	50.00	50.00	Edison International Holding Nv	-	-	JV	-
Corporate Activities											
Elpedison Bv	Amsterdam (NL)	EUR	1,000,000	50.00	50.00	50.00	Edison International Holding Nv	-	-	JV	-

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2012	Interest held in share capital % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
B) Investments in companies valued by the equity method											
Centrale Elettrica Winnebach Soc. Consortile Arl	Terento (BZ) (IT)	EUR	100,000		30.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Centrale Prati Società Consortile Arl	Val di Vizze (BZ) (IT)	EUR	300,000		30.00	Hydros Srl - Hydros Gmbh	-	-	0.3	AC	-
Consorzio Barchetta	Jesi (AN) (IT)	EUR	2,100		47.62	Jesi Energia Spa	-	-	-	AC	-
EL.IT.E Spa	Milan (IT)	EUR	3,888,500		48.45	Edison Spa	-	-	2.9	AC	-
Energia Senales Scarl - Ex Srl	Senales (BZ) (IT)	EUR	100,000		40.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Eta 3 Spa	Arezzo (IT)	EUR	2,000,000		33.01	Edison Spa	-	-	3.2	AC	-
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Edison Spa	-	-	4.3	AC	-
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison Spa	-	-	19.8	AC	-
Soc. Svil. Rea. Gest. Gasdot. Alg-ITA V. Sardeg. Galsi Spa	Milan (IT)	EUR	37419,179		20.82	Edison Spa	-	-	17.5	AC	-
Total investments in companies valued by the equity method									**48.0**		

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2012	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
C) Investments in companies in liquidation or subject to permanent restrictions											
Auto Gas Company S.A.E. (in liquidation)	Cairo (ET)	EGP	1,700,000		30.00	Edison International Spa (single shareholder)	-	-	-	AC	-
Cempes Scrl (in liquidation)	Rome (IT)	EUR	15,492		33.33	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	AC	-
Compagnia Elettrica Lombarda Spa (in liquidation)	Milan (IT)	EUR	408,000		60.00	Sistemi di Energia Spa	-	-	-	S	(iv)
Coniel Spa (in liquidation)	Rome (IT)	EUR	1,020		35.25	Edison Spa	-	-	-	AC	-
Ecofuture Srl (in liquidation) (single shareholder)	Milan (IT)	EUR	10,200	100.00	100.00	Edison Spa	-	-	-	S	(i)
Groupement Gambogi - Cisa (in liquidation)	Dakar (SN)	XAF	1,000,000		50.00	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	AC	-
Inica Soc. de Iniciativas Mineiras e Industriais Sa	Lisbon (PT)	PTE	1,000,000		20.00	Edison Spa	-	-	-	AC	-
Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	Milan (IT)	EUR	1,549,350		100.00	Edison Spa	-	-	2.4	S	(i)
Nuova I.S.I. Impianti Selez. Inerti Srl (in bankruptcy)	Vazia (RI) (IT)	LIT in Euros	150,000,000 77,468.53		33.33	Edison Spa	-	-	-	AC	-
Poggio Mondello Srl (single shareholder)	Palermo (IT)	EUR	364,000		100.00	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	S	(i)
Sistema Permanente di Servizi Spa (in bankruptcy)	Rome (IT)	EUR	154,950		12.60	Edison Spa	-	-	-	NG	-
Soc. Gen. per Progr. Cons. e Part. Spa (in receivership)	Rome (IT)	LIT in Euros	300,000,000 154,937.07		59.33	Edison Spa	-	-	-	S	-
Sorrentina Scarl (in liquidation)	Rome (IT)	EUR	46,480		25.00	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	AC	-
Total investments in companies in liquidation or subject to permanent restrictions									**2.4**		

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2013	Interest held in share capital % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes

D) Investments in other companies valued at fair value

D.1) Investments held for trading

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2013	Interest held in share capital % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
Acsm-Agam Spa	Monza (IT)	EUR	76,619,105		1.94	Edison Spa	-	-	1.1	NG	-
Amsc-American Superconductor	Devens (US)	USD	545,195		0.29	Edison Spa	-	-	0.3	NG	-
Hera Spa	Bologna (IT)	EUR	1,327,081,442		0.22	Edison Spa	-	-	4.3	NG	-

D.2) Available-for-sale investments

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2013	Interest held in share capital % (b)	by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
Emittenti Titoli Spa	Milan (IT)	EUR	4,264,000		3.89	Edison Spa	-	-	0.2	NG	-
European Energy Exchange Ag - Eex	Lipsia (DE)	EUR	40,050,000		0.76	Edison Spa	-	-	0.7	NG	-
Istituto Europeo di Oncologia Srl	Milan (IT)	EUR	80,579,007		4.28	Edison Spa	-	-	3.5	NG	-
Prometeo Spa	Osimo (AN) (IT)	EUR	2,292,436		17.76	Edison Spa	-	-	0.5	NG	-
Rashid Petroleum Company - Rashpetco	Cairo (ET)	EGP	20,000		10.00	Edison International Spa (single shareholder)	-	-	-	NG	-
RCS Mediagroup Spa	Milan (IT)	EUR	139,250,009		0.84	Edison Spa	1.06	1.06	1.6	NG	-
Syremont Spa	Messina (IT)	EUR	1,250,000		24.00	Edison Spa	-	-	-	AC	(ii)
Terminale GNL Adriatico Srl	Milan (IT)	EUR	200,000,000		7.30	Edison Spa	-	-	177.0	NG	-
Total investments in other companies valued at fair value									**189.2**		
Total equity investments									**239.6**		

Notes

(a) The consolidated Group interest is computed on the basis of the interest held in the respective share capital by the Parent Company or subsidiaries consolidated on a line-by-line basis, and by jointly controlled companies consolidated by the proportional method.

(b) The interest in the share capital is equivalent to the ratio between the aggregate par value of all equity securities held directly and the total share capital. In this computation, the denominator (total share capital) is net of any treasury shares held.

(c) The percentage of the voting securities held is equivalent to the ratio between the number of voting securities held directly (irrespective of the ownership of the voting rights) and the total number of voting securities (e.g. common and preferred shares) included in the share capital. The percentage is shown only if it is different from the overall interest held.

(d) The percentage of securities with exercisable voting rights is the ratio between the number of votes which can be effectively cast by the investor company attending an Ordinary Shareholders' Meeting and the total number of votes that can be cast at an Ordinary Shareholders' Meeting. The percentage is shown only if it is different from the overall interest held.

(e) S = subsidiary JV = joint venture AC = affiliated company NG = non-Group company

(f) The carrying value is shown only for companies valued by the equity method or at cost, owned directly by the Parent Company. For other companies consolidated on a line-by-line basis or by the proportional method, it is shown only if it is equal to or greater than one million euros.

(i) Company subject to the oversight and coordination of Edison Spa.

(ii) On 1/30/07 Edison exercised the option to sell its equity investment, with respect to which the counterparty is now in default.

(iii) This company is a contractual joint venture.

(iv) Company subject to the oversight and coordination of Sistemi di Energia Spa.

The currency codes used in this report are those of the ISO 4217 International Standard.

BGL Bulgarian lev
BRL Brazilian real
CHF Swiss franc
EGP Egyptian pound
EUR Euro
GBP British pound
HRK Croatian kuna
PTE Portuguese escudo
RON Romanian leu
USD U.S. dollar
XAF Central African franc

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CONDENSED SEMIANNUAL FINANCIAL STATEMENTS OF EDISON SPA, THE GROUP'S PARENT COMPANY

at June 30, 2013

Income Statement

2012 full year (*)	(in millions of euros)	*See Note*	**First half 2013**	First half 2012 (*)
6.433	Sales revenues	*1*	2.925	3.341
712	Other revenues and income	*2*	444	177
7.145	**Total revenues**		**3.369**	**3.518**
(6.675)	Raw materials and services used (-)	*3*	(3.139)	(3.520)
(134)	Labor costs (-)	*4*	(69)	(68)
336	**EBITDA**	*5*	**161**	**(70)**
26	Net change in fair value of derivatives (commodities and foreign exchange)	*6*	17	(2)
(470)	Depreciation, amortization and writedowns (-)	*7*	(108)	(170)
(108)	**EBIT**		**70**	**(242)**
(54)	Net financial income (expense)	*8*	(1)	(6)
108	Income from (Expense on) equity investments	*9*	97	87
(34)	Other income (expense), net	*10*	(26)	(21)
(88)	**Profit (Loss) before taxes**		**140**	**(182)**
63	Income taxes	*11*	(38)	71
(25)	**Profit (Loss) from continuing operations**		**102**	**(111)**
81	Profit (Loss) from discontinued operation	*12*	-	80
56	**Profit (Loss) for the period**		**102**	**(31)**

(*) The amounts for 2012 reflect the adoption IAS 19 *Revised*.

Other Components of the Comprehensive Income Statement

2012 full year (*)	(in millions of euros)	*See Note*	First half 2013	First half 2012 (*)
56	Profit (Loss) for the period		102	(31)
	Other components of comprehensive income:			
3	*A) Change in the cash flow hedge reserve*	*24*	*(4)*	*17*
3	- Gains (Losses) from valuations for the period		(6)	27
-	- Income taxes (-)		2	(10)
4	*B) Change in reserves for available-for-sale investments*	*24*	*(5)*	*-*
4	- Unrealized gains (losses) on securities or equity investments		(5)	-
-	- Income taxes (-)		-	-
-	*C) Actuarial gains (losses) (*) (**)*		*(1)*	*-*
-	- Actuarial gains (losses)		(1)	-
-	- Income taxes (-)		-	-
7	Total other components of comprehensive income net of taxes (A+B+C)		(10)	17
63	Total comprehensive profit (loss)		92	(14)

(**) The amounts for 2012 reflect the adoption IAS 19 *Revised*.

(***) Items that cannot be reclassified to the income statement.

Balance Sheet

6/30/12 (*)	(in millions of euros)	See Note	6/30/13	12/31/12 (*)
	ASSETS			
2.965	Property, plant and equipment	*13*	2.692	2.733
1	Investment property	*14*	9	9
2.408	Goodwill	*15*	2.408	2.408
147	Hydrocarbon concessions	*16*	131	137
17	Other intangible assets	*17*	12	19
1.329	Investments in associates	*18*	1.295	1.317
193	Available-for-sale investments	*18*	183	194
7	Other financial assets	*19*	7	7
-	Deferred-tax assets	*20*	-	-
118	Other assets	*21*	487	96
7.185	**Total non-current assets**		**7.224**	**6.920**
276	Inventories		192	306
1.728	Trade receivables		1.261	1.290
18	Current tax assets		10	12
351	Other receivables		336	342
2.661	Current financial assets		2.838	2.683
381	Cash and cash equivalents		390	633
5.415	**Total current assets**	*22*	**5.027**	**5.266**
-	**Assets held for sale**	*23*	**-**	**-**
12.600	**Total assets**		**12.251**	**12.186**
	LIABILITIES AND SHAREHOLDERS' EQUITY			
5.292	Share capital		5.292	5.292
125	Statutory reserve		128	125
473	Other reserves and retained earnings		509	473
10	Reserves for other components of comprehensive income		(10)	-
(31)	Profit (Loss) for the period		102	56
5.869	**Total shareholders' equity**	*24*	**6.021**	**5.946**
25	Provision for employee severance indemnities and provisions for pensions	*25*	25	24
88	Provision for deferred taxes	*26*	16	13
782	Provision for risks and charges	*27*	769	747
1.795	Bonds	*28*	1.797	1.796
127	Long-term financial debt and other financial liabilities	*29*	1.251	119
23	Other liabilities	*30*	23	23
2.840	**Total non-current liabilities**		**3.881**	**2.722**
107	Bonds		100	104
2.505	Short-term financial debt		899	1.923
936	Trade payables		977	1.110
-	Current taxes payable		12	5
343	Other liabilities		361	376
3.891	**Total current liabilities**	*31*	**2.349**	**3.518**
-	**Liabilities held for sale**	*32*	**-**	**-**
12.600	**Total liabilities and shareholders' equity**		**12.251**	**12.186**

(*) The amounts for 2012 reflect the adoption IAS 19 *Revised*.

Statement of Cash Flows

The schedule that follows analyzes the **cash flows** as they apply to short-term liquid assets (i.e., due within 3 months) in the first half of 2013, compared with the corresponding data for 2012.

2012 full year (*)		(in millions of euros)	See Note	First half 2013	First half 2012 (*) (**)
(88)		**Profit (Loss) before taxes of Edison Spa**		**140**	**(182)**
470		Amortization, depreciation and writedowns	*7*	108	170
89		Net additions to provisions for risks		25	78
2		(Gains) Losses on the sale of non-current assets		-	1
53		(Revaluations) Writedowns of non-current financial assets		26	35
(1)		Change in the provision for employee severance indemnities and provisions for pensions	*25*	(1)	(1)
(26)		Change in fair value recognized in EBIT		(23)	(1)
226		Change in operating working capital		10	(356)
42		Net financial (income) expense	*8*	13	19
95		Financial income collected		26	37
(108)		Financial (expense) paid		(46)	(47)
-		Income taxes paid		-	-
(11)		Change in other operating assets and liabilities		(412)	55
(2)		Change in other operating assets and liabilities from extraordinary transactions		-	-
741	**A.**	**Cash from (used in) operating activities of continuing operations**		**(134)**	**(192)**
(100)		Additions to intangibles and property, plant and equipment (-)	*13-17*	(45)	(31)
(92)		Additions to non-current financial assets (-)		-	(87)
4		Proceeds from the sale of intangibles and property, plant and equipment		-	3
684		Proceeds from the sale of non-current financial assets (*)		-	684
8		Capital distributions from non-current equity investments		2	4
170		Change in other current assets		(155)	195
674	**B.**	**Cash from (used in) in investing activities**		**(198)**	**768**
600		Proceeds from new medium-term and long-term loans	*28, 29, 31*	1.543	400
(1.304)		Redemptions of medium-term and long-term loans (-)	*28, 29, 31*	(1.508)	(793)
-		Capital contributions provided by controlling companies or minority shareholders		-	-
-		Dividends paid to controlling companies or minority shareholders (-)		(17)	-
(276)		Changes in short-term financial debt		71	-
(980)	**C.**	**Cash from (used in) financing activities**		**89**	**(393)**
435	**D.**	**Net change in cash and cash equivalents (A+B+C)**		**(243)**	**183**
198	**E.**	**Cash and cash equivalents at the beginning of the period**		**633**	**198**
-	**F.**	**Net cash and cash equivalents from discontinued operations**		**-**	**-**
633	**G.**	**Cash and cash equivalents at the end of the period (D+E+F)**		**390**	**381**
633	**H.**	**Total cash and cash equivalents at the end of the period(G)**		**390**	**381**
-	**I.**	**(-) Cash and cash equivalents from discontinued operations**		**-**	**-**
633	**L.**	**Cash and cash equivalents from continuing operations(H-I)**		**390**	**381**

(*) The amounts for 2012 reflect the adoption IAS 19 *Revised.*

(**) Some items have been reclassified merely for comparative purposes.

Statement of Changes in Shareholders' Equity

(in millions of euros)	Share capital	Statutory reserve	Other reserves and retained earnings	Reserve for other components of comprehensive income			Profit (Loss) for the period	Total share-holders' equity
				Cash flow hedge reserve	Reserve for available-for-sale investments	Actuarial gains (losses) (*)		
Balance at December 31, 2011	5.292	125	1.369	(7)	-	-	(896)	5.883
Replenishment of the 2011 loss	-	-	(896)	-	-	-	896	-
Total comprehensive profit (loss) for the first half of 2012	-	-	-	17	-	-	(31)	(14)
including: Change in comprehensive income for the period	-	-	-	17	-	-	-	17
Profit (Loss) for the first half of 2012	-	-	-	-	-	-	(31)	(31)
Balance at June 30, 2012	5.292	125	473	10	-	-	(31)	5.869
Total comprehensive profit (loss) for the second half of 2012	-	-	-	(15)	5	-	87	77
including: Change in comprehensive income for the period	-	-	-	(15)	5	-	-	(10)
Profit (Loss) for the second half of 2012	-	-	-	-	-	-	87	87
Balance at December 31, 2012	5.292	125	473	(5)	5	-	56	5.946
Appropriation of the 2012 profit	-	3	36	-	-	-	(39)	-
Dividend distribution	-	-	-	-	-	-	(17)	(17)
Total comprehensive profit (loss) for the first half of 2013	-	-	-	(4)	(5)	(1)	102	92
including: Change in comprehensive income for the period	-	-	-	(4)	(5)	(1)	-	(10)
Profit (Loss) for the first half of 2013	-	-	-	-	-	-	102	102
Balance at June 30, 2013	5.292	128	509	(9)	-	(1)	102	6.021

(*) Amounts that reflect the adoption IAS 19 *Revised*.

NOTES TO THE CONDENSED SEMIANNUAL FINANCIAL STATEMENTS OF EDISON SPA, THE GROUP'S PARENT COMPANY, AT JUNE 30, 2013

Content and Presentation

Declaration of Conformity and Accounting Policies

The condensed semiannual financial statements of Edison Spa, the Group's Parent Company, at June 30, 2013, were prepared pursuant to Article 154-*ter* of Legislative Decree No. 58 of February 24, 1998, as amended, and, as interim financial statements, are consistent with the provisions of IAS 34 Interim Financial Reporting. These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), based on the text published in the *Official Journal of the European Union (O.J.E.U.).*

Methods Applied to the Preparation of the Condensed Semiannual Financial Statements

It is worth mentioning that the following amendments to the international accounting principles and interpretations are applicable starting from January 1, 2013:

- **IAS 19** revised **"Employee Benefits."** The revised version of IAS 19 requires a different classification for actuarial gains and losses, which previously were recognized directly in profit or loss and now must be classified into "Other components of comprehensive income" and a special equity reserve. Because this amended accounting principle must be applied retrospectively, the data for the previous period were restated, starting on January 1, 2012, with a negative impact on "Profit (loss) for the period" less than 1million euros.
- **IFRS 13 "Fair Value measurement."** This new standard provides a single systematic reference framework for measuring fair value by updating the entire corpus of existing standards and interpretations regarding fair value measurement and disclosures. This principle is applicable prospectively, without need to restate comparative information and it has no relevant impact; it mainly refers to financial instruments valuation;
- **IFRS 7** revised **"Financial Instruments: Disclosures"** and **IAS 32 "Financial Instruments: Presentation."** These two standards introduce, in special cases, new quantitative information about offsetting arrangements and the disclosure of their effects, if any, on the balance sheet. There was no impact in terms of disclosures.
- **IAS 1** revised **"Presentation of Financial Statements."** This standard was revised to provide a clearer presentation of the line item "Other components of comprehensive income (OCI)" by showing separately components that later may or may not be reclassified into the Income Statement;

- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine,"** which provides guidance for the initial and subsequent valuation of assets derived from surface-mine stripping activities (currently not applicable to Edison financial statements).

Other principles and interpretations the adoption of which is not mandatory in 2013 and for which the Company did not opt for early adoption include: **IFRS 10 Consolidated Financial Statements," IFRS 11 "Joint Arrangements"** (which partially replaces IAS 31), **IFRS 12 "Disclosure of Interest in Other Entities," IAS 27 "Separate Financial Statements"** and **IAS 28 Revised "Investments in Associates and Joint Ventures,"** which is applicable only for the sections that define investments in subsidiaries, joint ventures and affiliated companies.

In addition, a further amendment **to IAS 32 "Financial Instruments: Presentation"** concerning the offsetting of financial assets and liabilities is applicable starting in 2014.

The Board of Directors, meeting on **July 29, 2013,** authorized the publication of these Condensed Semiannual Financial Statements of the Group's Parent Company, which were the subject of a limited audit by Deloitte & Touche Spa in accordance with an assignment awarded by the Shareholders' Meeting of April 26, 2011 for a period of nine years (2011-2019), pursuant to Legislative Decree No. 39 of January 27, 2010.

Unless otherwise stated, the amounts in these Notes to the Condensed Semiannual Financial Statements are in millions of euros.

Use of Estimated Values

The preparation of the Condensed Semiannual Financial Statements of the Group's Parent Company required the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities. The actual results that may arise upon the occurrence of the relevant events could differ from these estimates.
The estimates and assumptions used are revised on an ongoing basis, and the impact of any such revision is immediately recognized in the income statement.

The use of estimates is particularly significant for the following items:

- **Tangible and intangible assets (assets with a finite useful life) amortization and depreciation and impairment tests**. Information about the impairment test is provided in the Notes to the 2012 Separate Financial Statements in the section entitled "Impairment Test in Accordance with IAS 36 Applied to the Value of Goodwill, Property, Plant and Equipment and Other Intangibles."
- **Valuation of derivatives and financial instruments in general.** With regard to valuations please see the criteria listed in the section of the 2012 Separate Financial Statements entitled "Valuation Criteria – Financial Instruments" and the information provided in the section of this Report entitled "Financial Risk Management by the Group's Parent Company" about the methods applied to

manage inherent risks in connection with energy commodities traded by the Company, foreign exchange rates and interest rates.

- **Measurement of certain sales revenues, the provisions for risks and charges, the allowances for doubtful accounts and other provisions for writedowns, employee benefits and income taxes.** In these cases, the estimates used are the best possible estimates, based on available information. These estimates are based on assumptions made by the Company, complemented, when possible, by past experience with comparable transactions and appraisals by independent experts.
- **Advances paid under long-term contracts to import natural gas (take-or-pay contracts).** These are amounts paid when the Company is unable to take delivery of the scheduled minimum annual quantities. These advance payments, which constitute deferred charges, are recognized as "Other Assets" pursuant to IAS 38. The recognized amount is maintained after ascertaining that: a) over the residual duration of the contract, the Company estimates that it will be able to recover the volumes below the contractual minimum (quantitative valuation); and b) the Company believes that the contracts entail, over their entire residual lives, expected positive net cash flows based on approved Company plans (economic valuation). Advances are reclassified to inventory only when the Company actually takes delivery of the gas or are recognized in profit or loss as penalties when it is unable to do so. With regard to the valuation of the gas inventory, estimates of the net realizable value are based on the best prices estimates available at the time of valuation considering the sales market. If applicable, these estimates may take into account, as a price adjustment, any contractual renegotiations on a three-year basis of the price of delivered natural gas.

For a more detailed description of the main estimating processes applied, please consult the section of the separate financial statements at December 31, 2012 entitled "Valuation Criteria – Use of Estimated Values."

Comparability

The adoption of IAS 19 *Revised* required a restatement of the 2012 comparable data, with reclassification of net actuarial gains from "Net profit" to "Reserve for other components of comprehensive income," which had an impact of less than 1 million euros.

NOTES TO THE INCOME STATEMENT

Operating Performance in the First Half of 2013

Edison Spa reported a **net profit** of 102 million euros at June 30, 2013, compared with a net loss of 31 million euros in the first half of 2012.

In the first six months of 2013, **sales revenues** totaled 2,925 million euros, down 12.5% compared with the same period last year (3,341 million euros).
More specifically, for the **hydrocarbons operations** the contraction in revenues (-9.6%) is chiefly the result of lower average sales prices for natural gas and a production interruption of more than five months at an oil field, while the shortfall reported by the **electric power operations** (-21.6%) reflects a decrease in production, particularly in the thermoelectric area, caused in part by the early termination of CIP 6/92 contract for the Piombino power plant.

Edison Spa reported positive **EBITDA** of 161 million euros, compared with negative EBITDA of 70 million euros in the first half of 2012. This amount includes the positive contribution arising from the changes made to the long term gas supply contracts following the arbitration of Algerian gas supply and the agreements related to the Qatarina gas supply contracts.

More in detail:

- The EBITDA of the **hydrocarbons operations** were positive by 162 million euros, compared with negative EBITDA of 64 million euros in the first half of 2012. This results is after the positive contribution provided by the abovementioned benefits from the changes made to the agreements related to the Qatarina and Algerian gas supply contracts (commented in the section of these Notes entitled "Other Information – Nonrecurring Events and Material Transactions"), which partially offset the effect of the continuing compression of margins in the natural gas trading activities. The Exploration & Production operations were adversely affected by the temporary interruption in the production of crude oil from the Rospo Mare field.
- The EBITDA of the **electric power operations** were positive by 47 million euros, in line with the amount earned in the first six months of 2012. This result reflects an increase in hydroelectric output made possible by an abundant rainfall during the period, which offset in part a decrease in production by the thermoelectric power plants. It is worth mentioning that the amount reported in the first half of 2012 included a net gain of 28 million euros from the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant.

EBIT were positive by 70 million euros (negative by 242 million euros in the first half of 2012) and includes the volatility effect related to net change in fair value of derivatives (commodities and foreign exchange) amounting to 17 million euros (negative by 2 million euros in the first half of 2012) and

includes 104 million euros in depreciation and amortization and 4 million euros in mark to market CO_2 emissions rights held in excess of the Comnpany's requirements.

In addition to the industrial margin dynamics discussed above, the following factors affected the comparison of this year's performance with the first half of 2012:

- **Net financial expense** of 1 million euros, down from 6 million euros in the first half of 2012, thanks mainly to the effect of lower net financial debt compared with the same period last year.
- **Net income on equity investments,** which totaled 97 million euros and includes 122 million euros in dividend income from subsidiaries, net of 26 million euros in writedowns of investments recognized to adjust the corresponding carrying amounts.
- **Other expense, net,** of 26 million euros, up compared with the first half of 2012, which consist mainly of legal costs.
- **Income taxes,** of 38 million euros, compared with positive 71 million euros in the first six months of 2012 and include current corporate income taxes (IRES) and current regional taxes (IRAP) of total 33 million euros and deferred taxes of 4 million euros.

1. Sales Revenues

Sales revenues totaled 2,925 million euros, or 12.5% less than in the first half of 2012 (3,341 million euros). A breakdown of sales revenues, which were earned mainly in Italy, is provided below:

(in millions of euros)	**First half 2013**	First half 2012	Change	% change
Revenues from the sale of:				
- Natural gas	2.237	2.427	(190)	(7,8%)
- Electric power	520	695	(175)	(25,2%)
- Oil	50	88	(38)	(43,2%)
- Steam	35	39	(4)	(10,3%)
- Green certificates and CO_2 emissions rights	60	50	10	20,0%
- Sundry items	2	1	1	100,0%
Revenues from the sale of products	**2.904**	**3.300**	**(396)**	**(12,0%)**
Revenues from services provided	15	21	(6)	(28,6%)
Revenues from power plant maintenance	5	6	(1)	(16,7%)
Transmission revenues	1	5	(4)	(80,0%)
Revenues from the provision of services	**21**	**32**	**(11)**	**(34,4%)**
Margin on physical trading activities *	-	9	(9)	n.m.
Total sales revenues	**2.925**	**3.341**	**(416)**	**(12,5%)**
breakdown by business segment:				
Electric power operations	2.290	2.533	(243)	(9,6%)
Hydrocarbons operations	625	797	(172)	(21,6%)
Corporate activities	10	11	(1)	(9,1%)
Total	**2.925**	**3.341**	**(416)**	**(12,5%)**

* The amounts for the first half of 2013 are included in "Raw materials and services used."

An analysis by business segment is provided below:

- The **hydrocarbon operations** reported sales revenues of 2,290 million euros. The decrease of 9.6% compared with the first half of 2012 reflects the combined impact of lower average sales prices for natural gas in the benchmark scenario and a contraction in sales to thermoelectric users, offset in part by higher demand from residential and industrial customers.
- The sales revenues of the **electric power operations** decreased to 625 million euros, or 21.6% less than in the first half of 2012, due mainly to a reduction in production volumes, particularly in the thermoelectric area due in part to the early termination of the CIP 6/92 contract for the Piombino power plant.

2. Other Revenues and Income

A breakdown of this item, which totaled 359 million euros (177 million euros in 2012) is provided below:

(in million of euros)	**First half 2013**	First half 2012	Change	% change
Realized commodity derivatives	90	48	42	87,5%
Margin on financial trading activities	-	4	(4)	n.a.
Out-of-period income and sundry items	354	125	229	n.a.
Total other revenues and income	**444**	**177**	**267**	**n.a.**

Realized commodity derivatives, which should be viewed concurrently with the corresponding cost included in Raw materials and services used (down from 72 million euros to 52 million euros) and the net change in fair value of derivatives (commodities and foreign exchange) (increased from negative 2 million euros in the first half of 2012 to a positive 17 million euros at June 30, 2013), reflects mainly the results of commodity and foreign exchange hedges executed to mitigate the risk of price fluctuations on natural gas purchases. A comprehensive presentation of the effects of these transactions is provided in a separate disclosure in the section entitled "Financial Risk Management by the Group's Parent Company."

3. Raw Materials and Services Used

Raw materials and services used totaled 3,139 million euros, down slightly compared with the first half of 2012 (3,520 million euros). A breakdown is provided below:

(in millions of euros)	**First half 2013**	**First half 2012**	Change	% change
- Natural gas	2.403	2.954	(551)	(18,7%)
- Green certificates	28	39	(11)	(28,2%)
- Blast-furnace, recycled and coke-oven furnace gas	16	27	(11)	(40,7%)
- CO_2 emissions rights	8	3	5	n.a.
- Demineralized industrial water	1	3	(2)	(66,7%)
- Electric power	4	3	1	33,3%
- Oil and fuel	0	1	(1)	(85,0%)
- Utilities and other materials	46	28	18	64,3%
Total	**2.506**	**3.058**	**(552)**	**(18,0%)**
- Transmission of natural gas	238	217	21	9,7%
- Realized commodity derivatives	52	72	(20)	(27,8%)
- Regasification fee	53	52	1	1,9%
- Facilities maintenance	36	41	(5)	(12,2%)
- Professional services	26	38	(12)	(31,6%)
- Change in inventories	113	(117)	230	n.a.
- Additions to provisions for risks	5	63	(58)	(92,1%)
- Margin on financial trading activities*	1	-	1	n.a.
- Sundry charges	109	96	13	13,5%
Total materials and services used	**3.139**	**3.520**	**(381)**	**(10,8%)**
breakdown by business segment:				
Electric power operations	2.917	3.240	(323)	(10,0%)
Hydrocarbons operations	169	225	(56)	(24,9%)
Corporate activities	53	55	(2)	(3,6%)
Total	**3.139**	**3.520**	**(381)**	**(10,8%)**

* The amount for the first half of 2012 is included in "Other sales revenues."

The decrease in purchasing costs of **natural gas** compared with the first half of 2012 reflects the abovementioned positive effect generated by price revision for the contract to purchase gas from Algeria and Qatar. This item also includes a charge of 39 million euros for the negative results from the effective portion of derivatives hedging foreign exchange risk on commodities (23 million euros in the first half of 2012).

Charges for **CO_2 emissions rights** increased compared with the first six months of 2012; please note that 2013 is the first year in which free allocations are no longer being provided.

The decrease in **green certificate** costs is due to a reduction in production compared with the same period last year.

A rise in imports and an increase in the rates charged are the main reason for the higher **transmission** costs (+21 million euros compared with 2012).

The **regasification fee** (53 million euros) reflects the charges paid to Terminale GNL Adriatico Srl for regasification of liquefied gas originating from Qatar.

The **additions to provisions for risks,** amounting to 5 million euros, include provision for future charges in the industrial area.

Margin on Trading Activities

The table below shows the results from trading activities, which are included in other revenues and income and raw materials and services used and are generated, respectively, by trading in financial and physical energy commodity contracts held in the trading portfolios:

(in millions of euros)	Note	First half 2013	First half 2012	Change	% change
Margin on physical contracts included in trading portfolio					
Sales revenues		378	559	(181)	(32,4%)
Raw materials and services used		(379)	(550)	171	(31,1%)
Total included in sales revenues / raw materials and services used	1 / 3	**(1)**	**9**	**(10)**	**n.a.**
Margin on financial contracts included in trading portfolio					
Other revenues and income		2	4	(2)	(50,0%)
Raw materials and services used		(2)	0	(2)	n.a.
Total included in other revenues and income	2	**-**	**4**	**(4)**	**(100,0%)**
Total margin on trading activities		**(1)**	**13**	**(14)**	**n.a.**

A comprehensive presentation of the effects of these transactions is provided in a separate disclosure in the section entitled “Financial Risk Management by the Group’s Parent Company.”

4. Labor Costs

Labor costs increased to 69 million euros, or 1 million euros more than in the first half of 2012. The table below shows the amount of labor costs, the number of employees at the end of the period and the average staff and provides a comparison with the data for the first half of 2012.

(in millions of euros)	First half 2013			First half 2012			Change					
	Labor costs	Number of employees at end of period	Average number of employees	Labor costs	Number of employees at end of period	Average number of employees	Labor costs	%	Number of employees at end of period	%	Average number of employees	%
Total	69	1,574	1,581	68	1,597	1,590	1	1.4%	(23)	(1.5%)	(9)	(0.6%)

5. EBITDA

Edison Spa reported positive **EBITDA** of 161 million euros, with the profit widening by 231 million euros compared with negative EBITDA of 70 million euros in the first half of 2012. As mentioned earlier in these Notes, this result reflect the positive effect of the arbitration for contracts to purchase natural gas from Algeria. A breakdown by type of business is provided below:

(in millions of euros)	First half 2013	as a % of sales revenues	First half 2012	as a % of sales revenues	% change
Hydrocarbons operations	162	7,1%	(64)	(2,5%)	n.m.
Electric power operations	47	7,5%	47	5,9%	n.m.
Corporate activities	(48)	n.m.	(53)	n.m.	(9,4%)
Total	161	5,5%	(70)	(2,1%)	**n.m.**

The performance of the different business segments is reviewed below:

- The EBITDA of the **hydrocarbons operations** were positive by 162 million euros, compared with negative EBITDA of 64 million euros in the same period last year, due mainly to a reduction in gas sales prices, offset only in part by the abovementioned positive effects of the arbitration for the long-term contract for Algerian gas and the agreement related to the Qatarina gas supply contracts.

At 7.8 billion cubic meters, natural gas volumes were substantially in line with those of the first half of 2012 (7,9 billion cubic meters), but the source and usage mix changed compared with the previous year. Specifically, on the procurement side, an increase in pipeline imports (+9%), mainly from Libya, was offset by reductions in purchases at the Virtual Exchange Facility (-83%) and in gas production (-28%). On the usage side, the reduction in consumption resulting from lower production by thermoelectric power plants was contrasted by sales on the Virtual Exchange Facility.

The margins generated by the Exploration and Production activities remained positive, but decreased by 24% compared with the first half of 2012 due to the reduction in oil production caused by the shutdown of the Rospo Mare field for more than five months.

- The EBITDA of the **electric power operations** were positive by 47 million euros, in line with the amount in the same period last year. This result reflects the combined impact of the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, effective January 1, 2013, and the improved profitability achieved in the thermoelectric area despite a reduction in electric power production, particularly by thermoelectric power plants, offset in part by increased production in the hydroelectric area made possible by abundant rainfall in the period.

  Net production of electric power totaled 6.8 TWh, compared with 8 TWh in the first half of 2012 (-15%), as the decrease in the output of thermoelectric power plants (-21%) could be offset only in part by an increase in hydroelectric production (+33%).

6. Net Change in Fair Value of Derivatives (Commodities and Foreign Exchange)

The positive balance of 17 million euros reflects a positive change of 19 million euros compared with the first half of 2012 (negative balance of 2 million euros). A breakdown is provided below:

(in millions of euros)	First half 2013	First half 2012	Change	% change
Change in fair value in hedging the price risk on energy products:	**(2)**	**(3)**	**1**	**(33.3%)**
- definable as hedges pursuant to IAS 39 (CFH) (*)	(1)	-	(1)	n.m.
- not definable as hedges pursuant to IAS 39	(1)	(3)	2	(66.7%)
Change in fair value in hedging the foreign exchange risk on commodities:	**19**	**1**	**18**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	-	(1)	1	n.m.
- not definable as hedges pursuant to IAS 39	19	2	17	n.m.
Total	**17**	**(2)**	**19**	**n.m.**

(*) Reflects the ineffective portion.

This line item reflects the change in fair value for the period of commodity and foreign exchange derivatives, excluding those that are part of the Trading Activities, executed as economic hedges of the Industrial Portfolio.

7. Depreciation, Amortization and Writedowns

(in millions of euros)	**First half 2013**	First half 2012	Change	% change
Depreciation of and amortization of:				
- property, plant and equipment	95	130	(35)	(26,9%)
- hydrocarbon concessions	6	11	(5)	(45,5%)
-other intangible assets	3	3	-	-
Writedowns of:				
- property, plant and equipment	-	25	(25)	n.m.
- intangible assets	4	1	3	n.m.
Total depreciation, amortization and writedowns	**108**	**170**	**(62)**	**(36,5%)**
Breakdown by business segment				
Hydrocarbons operations	25	43	(18)	(41,9%)
Electric power operations	79	119	(40)	(33,6%)
Corporate activities	4	8	(4)	(50,0%)
Total	**108**	**170**	**(62)**	**(36,5%)**

A review by business segment is provided below:

- In the **electric power** segment:
  - **depreciation and amortization** decreased to 75 million euros, or 21 million euros less than in the first half of 2012, due mainly to the extension of some hydroelectric concessions and the effect of the writedowns recognized at December 31, 2012;
  - **Writedowns,** which totaled 4 million euros, were recognized mainly to mark to market CO_2 emissions rights held in excess of the Comnpany's requirements.
- In the **hydrocarbons** segment, depreciation and amortization amounted to 25 million euros, for a decrease of 18 million euros compared with the same period last year. This decrease reflects a change in the extraction profiles of hydrocarbon deposits. The amortization of exploration costs amounted to 1 million euros.

8. Net Financial Income (Expense)

Net financial expense decreased to 1 million euros, or 5 million euros less than in the first half of 2012 (6 million euros), due mainly to a reduction in net financial debt resulting from the sale of Edipower in May 2012. During the first six month of 2013, the Company was provided with two loans by companies of the EDF Group, which it used to refinance a syndicated, standby credit line of 1,500 million euros, as explained in Note 29 "Long-term Financial Debt and Other Financial Liabilities."

A breakdown and a comparison with the first half of 2012 is provided below:

(in millions of euros)	First half 2013	First half 2012	Change
Financial income			
Financial income from financial derivatives	22	49	(27)
Financial income from Group companies	35	49	(14)
Other financial income	4	1	3
Total financial income	**61**	**99**	**(38)**
Financial expense			
Financial expense from financial derivatives	(26)	(29)	3
Interest paid on bond issues	(14)	(53)	39
Financial expense paid to Group companies	(6)	(4)	(2)
Interest paid to banks	(2)	(15)	13
Interest paid to other lenders	(5)	-	(5)
Bank fees	(3)	(3)	-
Financial expense on decommissioning projects	(8)	(7)	(1)
Other financial expense	(10)	(7)	(3)
Total financial expense	**(74)**	**(118)**	**44**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	77	49	28
Foreign exchange translation losses	(65)	(36)	(29)
Total foreign exchange translation gains (losses)	**12**	**13**	**(1)**
Total net financial income (expense)	**(1)**	**(6)**	**5**

Please note that:

- **other financial expense** includes 3 million euros in financial charges to update provisions for risks and 3 million euros for securitization transactions;
- **foreign exchange translation gains (losses)** includes the effect of derivative transactions executed to hedge foreign exchange risks on purchases of commodities, which generated a net gain of 19 million euros in the first half of 2013;

9. Income from (Expense on) Equity Investments

Net income from equity investments increased to 97 million euros, up from 87 million euro in the same period last year, due mainly to a reduction in writedowns of investments in subsidiaries and affiliated companies. A breakdown is provided in the table below:

(in millions of euros)	First half 2013	First half 2012	Change
Income from equity investments			
Dividends	122	122	-
Revaluation of trading securities	1	-	1
Total income from equity investments	**123**	**122**	**1**
Expense on equity investments			
Writedowns of equity investments	(22)	(33)	11
Writedowns of available-for-sale investments	(4)	(2)	(2)
Total expense on equity investments	**(26)**	**(35)**	**9**
Income from (Expense on) equity investments, net	**97**	**87**	**10**

More specifically:

- The largest **dividend** amounts were paid by Edison Trading (60 million euros), Edison Energie Speciali (19 million euros), Edison Stoccaggio (16 million euros), Termica Milazzo (6 million euros) and Edison Energia (4 million euros);
- **Writedowns** recognized in order to align the carrying amounts of investments to the corresponding shareholders' equity values due to some impairment indicators and concerned mainly Termica Milazzo, Edison International Holding and Jesi Energia. Writedowns also included a charge of 3 million euros to align the carrying amount of the investment in RCS Mediagroup with its stock market price.

10. Other Income (Expense), Net

Net other expense totaled 26 million euros, for an increase of 5 million euros compared with net expense of 21 million euros the first half of 2012, which included an addition of 15 million euros to a provision for tax disputes. These charges reflect nonrecurring items that are not directly related to the Company's core industrial businesses. Additions to provisions for environmental risks at industrial sites of the former Montedison Group account for the balance..

11. Income Taxes

Income taxes amounted to 38 million euros, compared with a positive balance of 71million euros in the first half of 2012.

(in millions of euros)	First half 2013	First half 2012	Change
Current taxes	34	(31)	65
Net deferred-tax liabilities (assets)	4	(40)	44
Income taxes attributable to previous years	-	-	-
	38	**(71)**	**109**

Current taxes include current corporate income taxes (IRES) of 27 million euros and current regional taxes (IRAP) of 7 million euros.

Deferred-tax liabilities/(assets) include the utilization of deferred-tax asset recognized upon previous years tax losses of 8 million euros and the recognition of deferred-tax assets of 5 million euros on additions to nondeductible provisions, net of the corresponding utilizations.

12. Profit (Loss) from Discontinued Operations

This item had a zero balance at June 30, 2013, as against a profit of 80 million euros a year earlier that reflected the revision of the sales price, net of cost to sell, of the investment held in Edipower.

NOTES TO THE BALANCE SHEET

Assets

13. Property, Plant and Equipment

Property, plant and equipment, which consist of the Company's production assets, totaled 2,692 million euros, or 41 million euros less than at December 31, 2012, due mainly to depreciation expense, which exceeded additions. The table below provides a breakdown of this item and shows the changes that occurred in the first half of 2013:

(in millions of euros)	Land and buildings	Plant and machinery	Manufacturing and distribution equipment	Other assets	Constr. in progress and advances	Total
Balance at 12/31/12 (A)	**397**	**2.248**	**2**	**3**	**83**	**2.733**
Changes in the first half of 2013:						
- Additions	-	7	-	-	37	44
- Disposals (-)	-	(1)	-	-	-	(1)
- Depreciation (-)	(6)	(89)	-	-	-	(95)
- Writedowns (-)	-	-	-	-	-	-
- Decommissioning revision	-	11	-	-	-	11
- Other changes	-	4	-	-	(4)	-
Total changes (B)	**(6)**	**(68)**	**-**	**-**	**33**	**(41)**
Balance at 6/30/13 (A+B)	**391**	**2.180**	**2**	**3**	**116**	**2.692**

The total asset amount includes 116 million euros for construction in progress and advances, attributable almost exclusively to the hydrocarbons operations, with about 100 million euros for the development of onshore and offshore gas fields in Italy.

The main changes that occurred in the first half of 2013 are reviewed below:

- **Additions** of 44 million euros include the following:
  - 8 million euros for the **electric power operations,** mainly to complete construction of the district heating system for the Candela greenhouses;
  - 35 million euros for the **hydrocarbons operations,** including about 29 million euros invested in the development of the Rospo Mare, Tresauro and Fauzia fields;
- **Depreciation** decreased to 95 million euros, or 35 million euros less than in the first six months of 2012, due mainly to the extension of some hydroelectric concessions and the effect of the writedowns recognized at the end of 2012. More detailed information is provided in Note 7 "Depreciation, Amortization and Writedowns."

- **Decommissioning revision** reflects a revision of projected costs for site remediation at some thermoelectric power plants.

As for **assets held under finance leases,** which are recognized by the method of IAS 17 Revised, the remaining financial debt is 23 million euros, including million euros which is the subject of the comments provided in Note 29 "Long-term Debt and Other Financial Liabilities" and 3 million euros discussed in Note 31 "Current Liabilities – Short-term Financial debt."

No amount of financial expense was capitalized in property, plant and equipment in the first half of 2013, consistent with the requirements of IAS 32 *Revised.*

Please note that some Company equipment is encumbered as collateral for the amount of 52 million euros, mainly as a result of liens placed in connection with financing facilities received, as explained in the Note on "Commitments and Contingent Risks."

14. Investment Property

The Company's investment property, which consists of land and buildings that are not used for production purposes, was valued at 9 million euros, unchanged from December 31, 2012.

15. Goodwill

Goodwill totaled 2,408 million euros, unchanged compared with December 31, 2012. The residual value of goodwill is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments but must be tested for impairment at least once a year. The method applied to determine the value of goodwill is consistent with the criteria for allocation by business segment, which are set forth in the definition of cash generating units provided in the Notes to the Consolidated Financial Statements.

16. Hydrocarbon Concessions

Concessions for the production of hydrocarbons, which included 47 hydrocarbon production leases in Italy, were valued at 131 million euros, or 6 million euros less than at December 31, 2012, due mainly to the amortization for the period.

17. Other Intangible Assets

The main components of the balance of 12 million euros include:

- 5 million euros for patents, licenses and similar rights;
- 6 million euros for CO_2 emissions rights held in excess of the Company's overall requirements, the carrying amount of which is consistent with market prices.

Exploration costs totaling 1 million euros were incurred during the first half of 2013 and charged in full to income. During the first six months of 2013, no costs were capitalized for successful explorations projects leading to development activities.

Impairment test applied to the Assets in accordance with IAS 36

In the first half of 2013, as already described in the correspondent paragraph of the Condensed Consolidated Semiannual Financial Statements, the Group performed updated impairment tests of the individual Cash Generating Units (CGUs), whenever specific impairment indicators affecting recoverable values were detected, as required by IAS 36.

Insofar as goodwill is concerned, because the Group has not yet developed a new industrial plan, an analysis of the short-term economic and scenario variables failed to produce, also with regard to the 2013 budget, specific triggers pointing to perform a test at June 30, 2013.

With regard to this issue, no impairment indicators were detected during the reporting period.

18. Investments in Associates and Available-for-sale Investments

The balance of 1, 478million euros includes the following items:

- **Investments in associates** of 1,295 million euros, which includes 1,223 million euros in investments in subsidiaries and 72 million euros in investments in affiliated companies and joint ventures;
- **Available-for-sale investments** valued at 183 million euros, including 177 million euros for a 7.297% interest in Terminale GNL Adriatico Srl, the company that owns the offshore regasification terminal near Porto Viro (RO).

The table below shows the main changes that occurred in the first half of 2013:

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12/31/12 (A)	**1,317**	**194**	**1,511**
Changes in the first half of 2013:			
- Changes in share capital and reserves	-	-	-
- Distribution of share capital and reserve	-	(2)	(2)
- Coverage of losses	-	-	-
- Reval. (+)/Writedowns (-) recog. in P&L	(22)	(4)	(26)
- Other changes (-)	-	(5)	(5)
Total changes (B)	**(22)**	**(11)**	**(33)**
Balance at 6/30/13 (A+B)	**1,295**	**183**	**1,478**

The main changes are reviewed below:

- The entire amount of **distribution of share capital and reserves** refers to share capital distributions carried out by Terminale GNL Adriatico Srl.
- **Writedowns recognized in profit or loss** reflects for the most part adjustments made to the carrying values of some equity investments, as explained in Note 9 "Income from (Expense on) Equity Investments."

19. Other Financial Assets

The net carrying amount of 7 million euros, virtually unchanged compared with December 31, 2012, represents loans receivable due in more than one year. A loan owed by the Gever subsidiary accounts for the entire balance in this account.

20. Deferred-tax Assets

Since this item met the requirements of IAS 12, it was offset against "Provision for Deferred-taxes." Additional information is provided in the corresponding Note.

21. Other Assets

Other assets, which totaled 487million euros, or 391 million euros more than at December 31, 2012 (96 million euros), include the following:

- 476 million euros (85 million euros at the end of 2012) in advances paid under long-term natural gas supply contracts for gas volumes that the Edison Spa was unable to take delivery of but was required to pay for, due to take-or-pay contract clauses.
- 8 million euros, unchanged compared with December 31, 2012, for income tax refunds receivable and accrued interest at June 30, 2013.
- the remaining 3 million euros for sundry receivables, consisting mainly of security deposits.

22. Current Assets

(in millions of euros)	6/30/13	12/31/12	Change
Inventories	192	306	(114)
Trade receivables	1.261	1.290	(29)
Current tax assets	10	12	(2)
Other receivables	336	342	(6)
Current financial assets	2.838	2.683	155
Cash and cash equivalents	390	633	(243)
Total current assets	**5.027**	**5.266**	**(239)**

A review of the individual components and a comparison with the corresponding items at December 31, 2012 is provided below:

- **Inventories,** which aligned if necessary to the net realizable value and which totaled 192 million euros, include 163 million euros in stored gas and 29 million euros in supplies and equipment used to maintain and operate the Company's electric power generating facilities and production wells.
- **Trade receivables** totaled 1,261 million euros. A breakdown by business segment is provided below:

(in millions of euros)	**6/30/13**	12/31/12	Change
Electric power operations	254	347	(93)
Hydrocarbons operations	1.007	943	64
Corporate activities	-	-	-
Total trade receivables	**1.261**	**1.290**	**(29)**
Broken down as follows:			
- amount owed by outside customers	*1.023*	*852*	*171*
- amount owed by subsidiaries and affiliated companies	*238*	*438*	*(200)*
Total trade receivables	**1.261**	**1.290**	**(29)**
Allowance for doubtful accounts	**(27)**	**(26)**	**(1)**

They originate mainly from contracts to supply electric power, steam and natural gas and reflect, for 12 million euros (22 million euros at December 31, 2012), the fair value of physical contracts for energy commodities included in the trading portfolios, attributable exclusively to the hydrocarbons operations.

The decrease in trade receivables compared with December 31, 2012 reflects primarily the price and volume dynamics discussed in the Note to "Sales revenues."

The largest **trade receivables owed by subsidiaries and affiliated companies** are those payable by Edison Energia (156 million euros), Edison Trading (70 million euros), Termica Milazzo (6 million euros) and AMG gas (3 million euros).

Please note that Edison Spa carries out on a regular basis transactions irrevocably assigning receivables without recourse, both on a revolving monthly and quarterly basis and on a spot basis, in implementation of a policy aimed at controlling and minimizing credit risk with such transactions. At June 30, 2013, the total value of the assigned receivables amounted to 1,029 million euros (1,167 million euros at June 30, 2012), with zero residual risk of recourse associated with these receivables.

- The entire amount of **current tax assets,** which totaled 10 million euros, reflects overpayments of corporate income taxes (IRES) surcharge accrued in previous years, net of current year's liability.
- **Other receivables,** amount 336 million euros or 6 million euros less than at December 31, 2012, are shown net of an allowance for doubtful accounts of 17 million euros. A breakdown is provided below:

(in millions of euros)	6/30/13	12/31/12	Change
Receivables arising from the valuation of derivatives	155	181	(26)
Amounts owed by partners and associates in hydrocarbon exploration projects	46	40	6
Technical, administrative and financial services to Group companies	27	27	-
Dividends receivable from subsidiaries	23	19	4
Amounts owed by Transalpina di Energia for consolidated tax return of previous years	20	20	-
VAT receivable in pool with subsidiaries	9	12	(3)
Hydroelectric concession fees	8	1	7
Insurance premiums	7	5	2
Employee benefit funds	4	5	(1)
Advances to suppliers	3	3	-
Receivables from local public entities	1	1	-
Sundry items	33	28	5
Total	**336**	**342**	**(6)**
Allowance for doubtful accounts	**(17)**	**(17)**	**-**

The decrease shown for **receivables arising from the valuation of derivatives** should be analyzed in conjunction with the corresponding liability included in “Current liabilities” (down from 166 million euros to 127 million euros).

Miscellaneous receivables owed by Group companies consist mainly of receivables for services provided, dividends receivable and receivables under the VAT pool.

- A breakdown of **current financial assets,** which increased compared with December 31, 2012 to a total of 2,838 million euros, is as follows:

(in millions of euros)	6/30/13	12/31/12	Change
Loans receivable	2,744	2,588	156
Derivatives	88	90	(2)
Equity investments held for trading	6	5	1
Total current financial assets	**2,838**	**2,683**	**155**

More in detail:

- **Loans receivable** reflect financial transactions with subsidiaries. They represent the balances in the corresponding intercompany current accounts and loans provided to the abovementioned companies. The largest positions are owed by Edison International Spa (1,467 million euros), Edison Energia Spa (700 million euros), Edison Energie Speciali (282 million euros) and Edison Stoccaggio (261 million euros).
- The entire amount shown for **derivatives** refers to the fair value of outstanding derivatives that hedge the risk of fluctuations in interest rates and foreign exchange parities.

- **Cash and cash equivalents,** which totaled 390 million euros, consist of short-term deposits in bank and postal accounts and other readily available assets. The balance includes 236 million euros in cash available in a current account with EDF Sa.

23. Assets Held for Sale

This account had a zero balance.

Liabilities and Shareholders' Equity

24. Shareholders' Equity

Edison's shareholders' equity amounted to 6,021 million euros, up by 75 million euros compared with 5,946 million euros at December 31, 2012. This increase is the net result of the following items:

- 102 million euros for the profit for the period;
- 17 million euros for dividends distributed to the holders of savings shares;
- 4 million euros for the change in the cash flow hedge reserve;
- 5 million euros for the change in the reserve for available-for-sale investments;
- 1 million euros for the negative change resulting for the adoption on IAS 19 Revised to account for the actuarial effect on the provision for severance indemnities.

A breakdown of shareholders' equity and the changes that occurred in the first half of 2013 are shown in the schedule entitled "Statement of Changes in Shareholders' Equity."

The main component of **Other reserves** is a reserve of 382 million euros deriving from the adjustment to fair value as the deemed cost of property, plant and equipment upon transition to the IFRSs.

The share capital of Edison Spa consists of shares with a par value of 1 euro each, regular ranking for dividends. A breakdown is as follows:

Share class	**Number of shares**	**Millions of euros**
Common shares	5,181,545,824	5,182
Savings shares	110,154,847	110
Total		**5,292**

The table below provides a breakdown of the change that occurred in the cash flow hedge reserve due to the adoption of IAS 39 for the accounting treatment of derivatives. The change refers to the provisional recognition in equity of the fair value of derivatives executed to hedge price and foreign exchange risks on energy commodities.

Reserve for cash flow hedge transactions (in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2012	(8)	3	(5)
- Change in the first half of 2013	(7)	3	(4)
Reserve at June 30, 2013	**(15)**	**6**	**(9)**

The table below shows the changes in the reserve for available-for-sale investments (IAS 32), the entire amount of which is attributable to RCS Mediagroup Spa:

Reserve for available-for-sale investments (in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2012	5	-	5
- Change in the first half of 2013	(5)	-	(5)
Reserve at June 30, 2013	**-**	**-**	**-**

25. Provision for Employee Severance Indemnities and Provisions for Pensions

This provision, which at 25 million euros reflects the accrued severance indemnities and other benefits owed to employees. Actuarial gains and losses, the net amount of which was less than 1 million euros at December 31, 2012, are recognized directly in equity. A valuation in accordance with IAS 19 was performed only for the liability corresponding to the Provision for employee severance indemnities that is still held by the Company.

The table below shows the changes that occurred in the first half of 2013 (in millions of euros):

Balance at 12/31/12 (A)	**24**
Changes in the first half of 2013:	
- Financial expense (+)	1
- Actuarial (gains) losses (+/-)	1
- Utilizations (-) / Other (+/-)	(1)
Total changes (B)	**1**
Balance at 6/30/13 (A+B)	**25**

26. Provision for Deferred Taxes

Deferred-tax liabilities amounted to 16 million euros, as against 13 million euros at December 31, 2012. The following table shows a breakdown of this item by type of underlying temporary difference, keeping in mind that, since it met the requirements of IAS 12, it was offset against deferred-tax assets.

(in millions of euros)	**6/30/13**	12/31/12	Change
Deferred-tax liabilities usable for offset purposes:			
- Valuation differences of property, plant and equipment and intangibles	61	58	3
- Adoption of standard on finance leases (IAS 17)	26	26	-
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	-	-	-
- shareholders' equity	-	-	-
- Other deferred taxes	-	-	-
Total deferred-tax liabilities (A)	**87**	**84**	**3**
Deferred-tax assets:			
- Tax asset for tax losses	-	8	(8)
- Taxed provisions for risks	62	58	4
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	-	-	-
- shareholders' equity	6	3	3
- Other prepaid taxes	3	2	1
Total deferred-tax assets (B)	**71**	**71**	**-**
Net deferred-tax liabilities (A-B)	**16**	**13**	**3**

27. Provisions for Risks and Charges

The provisions for risks and charges, recognized to cover contingent liabilities, totaled 769 million euros for an increase of 22 million euros compared with December 31, 2012 (747 million euros).

The changes for the period are listed in the table that follows:

(in millions of euros)	12/31/12	Additions	Utilizations	Other changes	6/30/13
- Risks for disputes, litigation and contracts	133	3	(1)	-	135
- Charges for contractual guarantees on sale of equity investments	74	-	-	-	74
- Environmental risks	38	20	(1)	-	57
- Other judicial risks	13	-	-	-	13
- Disputed tax items	33	3	-	-	36
Total for judicial and tax-related disputes	**291**	**26**	**(2)**	**-**	**315**
- Provisions for site decommissioning and remediation	355	8	(1)	11	373
- Risks on equity investments	-	-	-	-	-
- Provision for CO_2 emissions rights and Green Certificates	7	-	(7)	-	-
- Other risks and charges	94	1	(14)	-	81
Total	**747**	**35**	**(24)**	**11**	**769**

Changes to the **provisions for judicial and tax-related disputes,** which totaled 315 million euros, include an addition of about 20 million euros for environmental issues involving industrial sites of the former Montedison (now Edison Spa).

More detailed information about the entries that resulted in the current composition of these provisions is provided in the section of the Notes to the Condensed Consolidated Semiannual Financial Statements entitled "Risks and Contingent Liabilities Arising from Judicial and Tax-related Disputes."

The **provisions for site decommissioning and remediation,** amounting to 373 million euros, reflect the valuation, discounted to the reporting date, of the decommissioning costs that the Company expects to incur for industrial sites and mineral extraction facilities. These provisions shows a net increase of 18 million euros mainly as a result of the following items:

- 8 million euros for financial expense related to the discounting process;
- 11 million euros, listed as other changes, attributable to the thermoelectric activities and carried as a direct addition to the corresponding assets (see Note 13 "Property, plant and equipment."

The **provisions for other risks and charges,** amounting to 81 million euros, include 71 million euros for potential future charges in the thermoelectric area. In addition, 14 million euros were drawn from these reserves to cover costs attributable to the thermoelectric activities.

28. Bonds

The balance of 1,797 million euros (1,796 million euros at December 31, 2012) represents the non-current portion of bonds issues.

The table below shows the balance outstanding at June 30, 2013 and indicates the fair value of each bond issue (in millions of euros):

Market where traded	Cur-rency	Par value outstand-ing	Coupon	Rate	Maturity	Carrying value			Fair value
						Non-current portion	Current portion	Total	
Luxembourg Secur. Exch.	EUR	700	Annual in arrears	4.250%	7/22/14	700	41	741	754
Luxembourg Secur. Exch.	EUR	500	Annual in arrears	3.250%	3/17/15	499	11	510	523
Luxembourg Secur. Exch.	EUR	600	Annual in arrears	3.875%	11/10/17	598	48	646	666
		1,800				**1,797**	**100**	**1,897**	**1,943**

The valuation at amortized cost of the bond issues, a portion of which was hedged with derivatives against the risk of changes in fair value caused by the interest rate fluctuations, was adjusted in accordance with hedge accounting rules to reflect the change in hedged risk.

29. Long-term Financial Debt and Other Financial Liabilities

A breakdown of long-term financial debt is provided below:

(in millions of euros)	6/30/13	12/31/12	Change
Due to banks	37	98	(61)
Due to other lenders including:			
- EDF IG SA	795	-	795
- EDF SA	399	-	399
- other lenders	19	21	(2)
Total	**1.250**	**119**	**1.131**

In April 2013, the Company signed agreements for two intercompany facilities to refinance a syndicated, standby credit line of 1,500 million euros (see Note 31 "Current Liabilities").

These facilities, which are valued at amortized cost, represent the preponderant portion of a structured refinancing plan that can offer Edison an efficient coverage both of its long-term operating requirements and its short-term needs, while enabling it to maintain an adequate level of financial flexibility.

More specifically, the financing was provided by:

- EDF Investissement Groupe Sa, for a face amount of 800 million euros (drawn down in full), with a duration of seven years;
- EDF Sa, for a face amount of 600 million euros (400 million euros drawn down at June 30, 2013), with a duration of two years.

Both facilities were secured on competitive terms, in line with those available in the market to a company with a credit rating like that of Edison Spa.

The amount due to **other lenders** refers to a finance lease for the Leonis ship belonging to the hydrocarbons operations.

More comprehensive information is provided in the section of these Notes entitled "Financial Risk Management by the Group's Parent Company."

30. Other Liabilities

The balance of 23 million euros reflects the suspension of the gain earned by Edison Spa on the sale of a 51% interest in Dolomiti Edison Energy in 2008 while agreements providing both parties with put and call options are in effect.

31. Current Liabilities

Current liabilities totaled 2,349 million euros. A breakdown is as follows:

(in millions of euros)	**6/30/13**	12/31/12	Change
Bonds	100	104	(4)
Short-term financial debt	899	1.923	(1.024)
Trade payables	977	1.110	(133)
Current taxes payable	12	5	7
Other liabilities	361	376	(15)
Total current liabilities	**2.349**	**3.518**	**(1.169)**

The main current liability accounts are reviewed below:

- **Bonds** totaled 100 million euros, including the total accrued interest at June 30, 2013.
- **Short-term financial debt** amounted to 899 million euro. The table below shows the composition of this account and the changes compared with December 31, 2012:

(in millions of euros)	**6/30/13**	12/31/12	Change
Due to subsidiaries and affiliated companies	743	682	61
Due to banks	79	1,179	(1,100)
Due to factor companies	52	32	20
Interest rate and foreign exchange derivatives	18	26	(8)
Finance leases	3	3	-
Due to the controlling company EDF Sa	4	1	3
Total	**899**	**1,923**	**(1,024)**

Please note that in April 2013, the Company obtained two facilities from EDF Group companies (see Note 29 "Long-term Financial Debt and Other Financial Liabilities") and repaid the amount owed on a syndicated, standby credit line, against which a total of 1,150 million euros had been drawn at December 31, 2012

The amount **due to subsidiaries and affiliated companies** includes 621 million euros owed to Edison Trading Spa, 39 million euros payable to Edison International Holding, 19 million euros due to Termica Milazzo, 11 million euros owed to Euroil Exploration and 9 million euros due to Jesi Energia.

- **Trade payables** totaled 977 million euros. A breakdown by business segment is provided below:

(in millions of euros)	6/30/13	12/31/12	Change
Electric power operations	177	181	(4)
Hydrocarbons operations	775	904	(129)
Corporate activities	25	25	-
Total	**977**	**1.110**	**(133)**

Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance. This item also includes 13 million euros for the fair value of physical energy commodity contracts included in the trading portfolios.

- **Current taxes payable** of 12 million euros reflect the regional tax (IRAP) liability for the period of 7 million euros and the regional tax (IRAP) balance for the previous year of 5 million euros, net of credit resulting from previous income tax return.

- A breakdown of **other liabilities,** which at 361 million euros were lower by 15 million euros compared with December 31, 2012, is provided below:

(in millions of euros)	6/30/13	12/31/12	Change
Valuation of derivative	127	166	(39)
Amounts owed to partners and associates in hydrocarbon exploration projects	52	30	22
VAT payable	28	37	(9)
Due to WGRM for consolidated tax return	25	-	25
Due to employees	20	21	(1)
Due to pension and social security institutions	18	17	1
Consulting and other services	19	27	(8)
Royalties payables	15	17	(2)
Payables for VAT in pool with subsidiaries	1	6	(5)
Other income and excise taxes	3	5	(2)
Customer advances	5	5	-
Sundry items	48	45	3
Total current liabilities	**361**	**376**	**(15)**

32. Liabilities Held for Sale

This account had a zero balance at June 30, 2013.

NET FINANCIAL DEBT

At June 30, 2013, net financial debt increased to 819 million euros, or 193 million euros less than the 626 million euros owed at December 31, 2012.

Consistent with the practice followed at the end of 2012, the table below provides a simplified breakdown of the Company's net financial debt:

(in millions of euros)	*See note*	**6/30/13**	12/31/12	Change
Bonds – non-current portion	28	1,797	1,796	1
Non-current bank loans	29	37	98	(61)
Amounts due to other lenders – non-current portion	29	1,214	21	1,193
Total net long-term financial debt		**3,048**	**1,915**	**1,133**
Bonds – current portion	31	100	104	(4)
Current loans payable	31	899	1,923	(1,024)
Current financial assets	22	(2,838)	(2,683)	(155)
Cash and cash equivalents	22	(390)	(633)	243
Total net short-term financial debt		**(2,229)**	**(1,289)**	**(940)**
Total net financial debt		**819**	**626**	**193**

In April 2013, the Company signed agreements with two EDF Group companies for two intercompany facilities to refinance a 1,500-million-euro syndicated, standby credit line, carried among current liabilities for the amount of 1,150 million euros at December 31, 2012, as explained in Note 29 "Long-term Financial Debt and Other Financial Liabilities."

The main cash flows from operating activities that had a material impact in changing the composition of the Company's net financial debt included the following:

Positive items:

- 115 million euros from the collection of dividends from subsidiaries;
- 161 million euros for positive EBITDA;

Negative items:

- 415 million euros for advances paid due to the activation of take-or-pay clauses under contracts for the procurement of natural gas;
- 45 million euros for investments in property, plant and equipment.

Please also note that, in addition to the two intercompany facilities mentioned above, net financial debt includes 4 million euros in short-term debt owed to EDF Sa, as listed in the corresponding table shown in the section of these Notes entitled "Intercompany and Related-party Transactions."

COMMITMENTS, RISKS AND CONTINGENT ASSETS

(in milioni di euro)	6/30/13	12/31/12	Change
Guarantees provided	1,172	1,208	(36)
Collateral provided	79	81	(2)
Other commitments and risks	157	571	(414)
Total for Edison Spa	**1,408**	**1,860**	**(452)**

The balance of 1,172 million euros in **guarantees provided** is determined based on the undiscounted amount of the contingent commitments on the date of the financial statements.

Guarantees provided included the following:

- 61 million euros in guarantees provided by Edison Spa to the Milan tax office on behalf of subsidiaries for offsetting VAT credits.
- Guarantees provided by the Group's Parent Company on its own behalf and on behalf of subsidiaries and affiliated companies to secure the performance of contractual obligations account for most of the balance.

Please note that a commitment for 50 million euros pursuant to the Tolling and Power Purchasing Agreements, according to which Edison was responsible for the commercial obligations undertaken by its Edison Trading Spa subsidiary toward Edipower, was cancelled in June 2013.

Collateral provided, which represents the value on the reporting date of the assets or rights provided as collateral, totaled 79 million euros, or 2 million euros less than at December 31, 2012 (81 million euros). This item consists mainly of mortgages and encumbrances placed on a thermoelectric facility to secure bank financing facilities (52 million euros).

Other commitments and risks, which totaled 157 million euros, reflects primarily commitments undertaken to complete investment projects in progress. The decrease recorded in the first half of 2013 is mainly tied to long-term contracts to import natural gas.

With regard to these contracts, which contain take-or-pay clauses requiring the buyer to pay for quantities it is unable to take delivery of based on scheduled volumes, the commitments carried at December 31, 2012, amounting to 414 million euros, were fulfilled in their entirety in the first six months of 2013. At June 30, 2013, advances totaling 476 euros were included under Other assets (Note 21). Updated risk profiles and economic recoverability are verified periodically during the year.

Please also note the following:

- With regard to the procurement of CO_2 certificates and Certified Emission Reductions (CERs)/Emission Reduction Units (ERUs), for the 2013-2020 period, Edison Spa signed Amended Agreements modifying the original Emission Reductions Purchase Agreements

(ERPA) to purchase CERs in China for up to 27.4 million euros. These new agreements represent extensions of contracts already held by Edison Spa and originally signed for the 2008-2013 period.

The following agreements were also in effect at June 30, 2013:

- Management Agreement with EDF Trading Ltd (EDF Carbon Fund) for the fixed-price purchase of CERs and ERUs by 2013 for a remaining commitment of up to 21 million euros;
- Purchasing and Management Agreement with Natsource Asset Management Europe (Nat-CAP) for the purchase of CERs and ERUs by 2013 for a remaining commitment of up to 3 million euros.

- In the electric power area Edison made the following commitments:
  - It granted to Cartiere Burgo Spa a call option on 51% of the Gever Spa shares it holds. This option is exercisable when the existing contract under which Gever supplies Cartiere Burgo with electric power and steam expires (in 2017) at a price equal to the pro rata interest of Edison Spa in the company's shareholders' equity (i.e., 14 million euros);
  - It granted to Petrobras an option to buy its investment in Ibiritermo. The option is exercisable in 2022;
- 16 million euros for obligations undertaken by Edison with regard to companies sold in previous years.

Unrecognized Commitments and Risks

Significant commitments and risks not included in the amounts listed above are reviewed below.

1) In the **hydrocarbon area,** the Company is a party to long-term contracts for the importation of natural gas from Russia, Libya, Algeria and Qatar, for a total supply of 13.6 billion cubic meters a year. These contracts have terms ranging from 6 to 21 years. The table below provides a breakdown of the timing for the supply of natural gas, based on minimum contractual deliveries:

	U.M.	within 1 year	between 2 and 5 years	after 5 years	Total
Natural gas (*)	Billion m^3	12,9	52,2	146,9	212,0

(*) The economic data are based on prospective pricing formulas.

In addition, contracts to import natural gas in future years include an agreement to import natural gas from Algeria (*Protocole d'accord*), signed with Sonatrach in November 2006, that calls for the supply of 2 billion cubic meters of natural gas a year through a new pipeline that will be built by the Galsi Spa subsidiary.

2) With regard to the investment in Terminale GNL Adriatico Srl, a natural gas regasification company in which Edison Spa holds an interest of about 7.3%, the agreements between shareholders include the right for the other shareholders to buy the interest held by Edison, should Edison cancel the supply contract with RasGas, at a price equal to the sum of the capital contributions provided until the option is exercised.

Pursuant to the regasification contract, Edison will benefit from access to 80% of the terminal's regasification capacity for 21 years for an annual regasification fee estimated at about 100 million euros. With regard to the regasification fee payable, Edison's risk is limited to the following situations:

- Edison has the right to cancel the regasification contract for force majeure events affecting the chain (upstream and midstream) of Terminale GNL Adriatico by paying an amount that may not be greater than the regasification fee payable for three years;
- if a force majeure event affects Terminale GNL Adriatico, Edison will no longer be required to pay the regasification fee and may terminate the regasification contract after 36 months without being required to pay any amount;
- in the event of a breakdown of the terminal that does not constitute a force majeure event, Edison will not be required to pay any regasification fee.

In addition, Edison will receive compensation for damages by RasGas, its supplier, which will include the regasification fee, based on circumstances set forth in the contract.

3) In the **electric power area,** agreements executed in connection with the sale of a 51% interest in Dolomiti Edison Energy Srl provide Edison with a call option, which may be exercised only if the hydroelectric concession operated by the company has not been extended by March 31, 2018.

Lastly, as part of the agreements among the shareholders of RCS Mediagroup who are members of the Blocking and Consultation Syndicate, any Participant who, in response to a tender offer, wishes to exit the Syndicate will be required to sell the syndicated shares to the other Participants. The buyers will have the right, but not the obligation, to buy the shares that are being offered in proportion to the percentage of the shares they contributed to the Syndicate.
Moreover regarding to the RCS Mediagroup investment, it is worth mentioning that in July 2013 Edison subscribed its share capital increase with a cash out amounting to 4 million euros.

FINANCIAL RISK MANAGEMENT BY THE GROUP'S PARENT COMPANY

As required by IFRS 7, the paragraphs that follow provide information about the nature of risks concerning Edison Spa, the Group's Parent Company. Information about the policies and procedures adopted to manage these risks and the methods applied to measure at fair value the derivatives held by Edison Spa is provided in the Consolidated Semiannual Report.

1. Commodity Price Risk and Exchange Rates Risk Related to Commodity Transactions

Edison Spa is affected by the risk of fluctuations in the prices of all of the energy commodities that it handles (electric power, natural gas, coal, petroleum products and environmental securities) because they have an impact on the revenues and costs of its production and buying and selling activities. These fluctuations affect the Company both directly and indirectly through indexing mechanisms contained in pricing formulas. Moreover, because some of the abovementioned commodity prices are quoted in U.S. dollars, Edison Spa is also exposed to the resulting exchange rate risk.

Insofar as the derivatives held by the Group's Parent Company that were outstanding at June 30, 2013 are concerned, the maximum negative variance in the fair value of financial instruments expected over the time horizon of the current year, with a 97.5% probability, compared with the fair value determined at June 30, 2013, is 161 million euros (135.5 million euros at June 30, 2012), as shown in the table below:

Profit at Risk (PaR) *(in millions of euros)*	**First half 2013**		First half 2012	
	Level of probability	Expected negative variance in fair value	Level of probability	Expected negative variance in fair value
Total	**97.5%**	**161.0**	**97.5%**	**135.5**

In other words, compared with the fair value determined for the contracts outstanding at June 30, 2013, the probability of a negative variance greater than 161 million euros by the end of 2013 is limited to 2.5% of the scenarios.

The higher amount, compared with the level measured at June 30, 2012, is mainly the result of a greater net volume of financial contracts executed to hedge forward sales for 2013, 2014 and 2015.

Consistent with the risk mandates defined in the Group Energy Risk Policies and the Company Risk Committees, the Edison Energia Spa and Edison Trading Spa subsidiaries executed intercompany financial hedges with Edison Spa, the Group's Parent Company, with the aim of mitigating the exposure of their margins to fluctuations in prices of energy commodities.

Edison spa engages in this activity in derivatives by virtues of the coordination and control function that it performs for at risk positions within the Group's entire industrial portfolio.

2. Foreign Exchange Risk

The foreign exchange risk arises from the activities of Edison Spa that are carried out in currencies other than the euro or are influenced by changes in foreign exchange rates through contract components indexed to a foreign currency. Revenues and expenses denominated in foreign currencies can be affected by fluctuations in foreign exchange rates, with an impact on sales margins (economic risk). Likewise, the amount of trade and financial payables and receivables denominated in foreign currencies can be affected by the translation rates used, with an impact on profit or loss (transactional risk).

3. Interest Rate Risk

Edison Spa is exposed to fluctuations in interest rates with regard to the measurement of debt service costs. Consequently, it values on a regular basis its exposure to the risk of fluctuations in interest rates, which it manages with hedging derivatives, some of which qualify for hedge accounting under IAS 39 (Cash Flow Hedges and Fair Value Hedges), while others qualify as Economic Hedges.

Gross Financial Debt	**6/30/13**			12/31/13		
Fixed and variable rate mix (in millions of euros)	without derivatives	with deriva-tives	% with deriv.	without derivatives	with deriva-tives	% with deriv.
- fixed rate portion (included structures with CAP)	2.622	2.022	50%	1.823	1.223	31%
- variable rate portion	1.425	2.025	50%	2.103	2.703	69%
Total gross financial debt (*)	**4.047**	**4.047**	**100%**	**3.926**	**3.926**	**100%**

(*) For a breakdown of gross financial debt see the "Liquidity Risk" section of these Notes.

The table above shows that the fixed rate and variable rate components of gross financial debt, including outstanding derivatives, were perfectly identical at June 30, 2013.

At June 30, 2013, Edison had thus significantly reduced its interest rate risk exposure compared with December 31, 2012. Specifically, part of the refinancing of Edison Spa, i.e., the term loan provided by EDF IG in the amount of 800 million euros, carries a fixed rate set for the duration of the loan (seven-year IRS).

Nothing has changed with regard to the transactions hedging bond issues compared with December 31, 2012. Therefore, please see the information in the 2012 annual report.

The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity, respectively, of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in the first half of 2013 and shows a comparison with the corresponding data in same period in 2012.

Sensitivity analysis (in millions of euros)	First half 2013 Impact on financial expense (P&L)			6/30/13 Impact on the cash flow hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Spa	26	24	21	-	-	-

Sensitivity analysis (in millions of euros)	First half 2012 Impact on financial expense (P&L)			12/31/12 Impact on the cash flow hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Spa	58	46	33	-	-	-

4. Credit Risk

The credit risk represents Edison Spa's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations.

The credit risk management objectives, together with the corresponding monitoring procedures and actions implemented to contain this risk did not change significantly compared with December 31, 2012. Please see the Separate Financial Statements at December 31, 2012 for additional information.

In the first half of 2013, Edison executed transactions involving the assignment without recourse of trade receivables on a monthly revolving basis, with a non-recourse transfer of the credit risk, for a total of 1,029 million euros (1,167 million euros in the first half of 2012); at June 30, 2013, Edison faced no risk of recourse under any circumstances in connection with these assigned receivables.

The table below shows an overview of gross trade receivables, the corresponding allowance for doubtful accounts and the guarantees that the Group holds to secure its receivables.

(in millions of euros)	**6/30/13**	12/31/12
Gross trade receivables	1.287	1.316
Allowance for doubtful accounts (-)	(26)	(26)
Trade receivables	**1.261**	**1.290**
Guarantees held (*)	200	293
Past due receivables:		
- up to 6 months	24	32
- from 6 to 12 months	1	5
- more than 12 months	30	32

(*) Including guarantees covering receivables outstanding at June 30, 2013 totaling 41 million euros.

5. Liquidity Risk

The liquidity risk is the risk that Edison Spa may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The table that follows provides a worst-case scenario. Specifically, the liabilities reflect all future cash outflows, in addition to principal and accrued interest, including all interest payments estimated for the entire length of the underlying debt obligation, and taking into account the effect of interest rate derivatives. The result is a disclosure of an aggregate liability larger than the gross financial debt amount. In addition, assets (cash and cash equivalents, trade receivables, etc.) are not taken into

account and financing facilities are treated as if repayable on demand, in the case of revocable lines of credit, or on the first due date when repayment can be demanded, in other cases.

Worst case scenario (in millions of euros)	6/30/13			12/31/12		
	1 to 3 months	More than 3 months and up to 1 year	After 1 year	1 to 3 months	More than 3 months and up to 1 year	After 1 year
Bonds	30	40	1.939	16	53	1.955
Financial debt and other financial liabilities	14	86	1.344	4	1.152	82
Trade payables	1.072	30	-	1.088	22	-
Total	**1.116**	**156**	**3.283**	**1.108**	**1.227**	**2.037**
Guarantees provided to third parties, subsidiaries and affiliates (*)	**162**	**470**	**540**	**438**	**939**	**482**

(*) These guarantees, mainly of a commercial nature and related to the Group's core businesses, are shown based on their remaining contractual maturity.
For further details, see the "Commitments, Risks and Contingent Assets" section of this Report.

The table above shows the completed refinancing of maturing debt. More specifically:

- At December 31, 2012, debt due within one year included a syndicated standby credit line (face amount of 1,500 million euros) provided to Edison Spa, against which 1,150 million euros had been drawn at that time; it was repaid at maturity on April 11, 2013.
- On April 9, 2013, Edison signed agreements with companies of EDF Group for two new facilities (for a total face amount of 1,400 million euros), granted by EDF Investissements Groupe Sa (for 800 million euros, with seven-year maturity) and by EDF SA (for 600 million euros, with two-year maturity). Both loans were classified into financial debts with maturity due after 1 year (face amount of 1,200 million euros) and were added to the bond issues floated by Edison (face amount of 1,800 million euros).

The new facilities signed with EDF companies, which were used to refinance the expiring syndicated standby credit line, as already mentioned in the Financial Statement at 31, December 2012, are part of a structured refinancing plan capable of providing the Group with an efficient coverage both of its short-term needs and its long-term operating requirements. The loan provided by EDF Investissements Groupe Sa, which has been drawn down for its full amount and is repayable in a lump sum at maturity, provides funding for medium/long-term operating requirements. The EDF Sa loan, which has a shorter maturity and is structured on a revolving basis, is designed to provide the flexibility needed to address short-term needs. At June 30, 2013, 400 million euros had been drawn down from this credit line.

The transactions described above resulted in a lengthening of maturities for the Company's total financial debt, thereby substantially eliminating the liquidity risk.

Please note that the framework agreement for centralized cash management signed in 2012 with EDF SA provides the Company with cash flow flexibility over the short term, giving it access to a current account credit line of up to 199 million euros.

6. Default Risk and Debt Covenants

This type of risk arises from the possibility that loan agreements or bond indentures to which Edison is a party may contain provisions that, if certain events were to occur, would empower the lenders, be they banks or bondholders, to demand that the borrower repay immediately the loaned amounts, which, consequently, would create a liquidity risk (see the "Liquidity Risk" section above).

The following three bond issues floated by the Group (Euro Medium Term Notes) with a total face value of 1,800 million euros were outstanding at June 30, 2013:

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturity	Face Value (milion euros)	Coupon	Current Rate
EMTN 07/2009	Edison Spa	Luxembourg Stock Exch.	XS0441402681	5	07-22-2014	700	Fixed annual	4,250%
EMTN 03/2010	Edison Spa	Luxembourg Stock Exch.	XS0495756537	5	03-17-2015	500	Fixed annual	3,250%
EMTN 11/2010	Edison Spa	Luxembourg Stock Exch.	XS0557897203	7	11/10/2017	600	Fixed annual	3,875%

Edison's outstanding debt obligations also include non-syndicated facilities for a total of 1.506 million euros, the unused portion of which was 200 million euros at June 30, 2013.

In April, Edison Spa repaid a maturing syndicated, standby credit line for a face amount of 1,500 million euros and signed agreements with ED IG and EDF SA for two new medium/long-term loans of 800 million euros and 600 million euros, respectively. These facilities do not require compliance with special financial covenants. More generally, the system of obligations and prohibitions required by the corresponding contract documents is fully consistent with international market practice for prime borrowers, such as Edison. With regard to other transactions currently outstanding, including the corresponding loan agreements and bond indentures and the covenants they include, nothing has changed compared with the Separate Financial Statements at December 31, 2012, which should be consulted for more comprehensive information.

At this time, Edison is not aware of the existence of any default situation or situation involving a failure to comply with financial covenants.

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

As required by the applicable policies adopted by the Group, transactions with related parties affecting the income statement, balance sheet and cash flow that were outstanding at June 30, 2013 are listed below, consistent with the disclosure requirements of IAS 24. These transactions were executed in the normal course of business and on contractual terms in line with standard market practices.

As required by Consob Resolution No. 17221 of March 12, 201, the Board of Directors of Edison Spa approved a special Procedure Governing Related-Party Transactions, which went into effect on January 1, 2011.

More detailed information about these transactions, which are detailed in the table below, is provided in the section of the Notes to the Condensed Consolidated Semiannual Financial Statements entitled "Intercompany and Related-party Transactions."

Transactions executed with related parties are listed in the table below:

(in millions of euros)	Related parties pursuant to IAS 24				Total fin. stat. line item	% impact
	with Edison Group companies	*with the controlling company*	*with EDF Group companies*	Total related parties		
Balance sheet transactions						
Investments in associates	1.295	-	-	1.295	1.295	100,0%
Other financial assets	7	-	-	7	7	100,0%
Trade receivables	238	-	2	240	1.261	19,0%
Other receivables	56	77	1	134	336	39,9%
Current financial assets	2.744	-	-	2.744	2.838	96,7%
Cash and cash equivalents	-	-	236	236	390	60,5%
Payables and other financial liabilities	-	-	1.199	1.199	1.251	95,8%
Short-term financial debt	-	-	-	-	899	-
Trade payables	12	4	7	23	977	2,4%
Other payables	8	57	-	65	361	18,0%
Income statement transactions						
Sales revenues	1.127	-	28	1.155	2.925	39,5%
Other revenues and income	29	-	1	30	444	6,8%
Raw materials and services used	34	14	34	82	3.139	2,6%
Financial income	35	-	-	35	61	57,4%
Financial expense	5	-	6	11	74	14,9%
Income from equity investments	120	-	-	120	123	97,6%
Expense on equity investments	22	-	-	22	26	84,6%
Commitments and contingent risks						
Other commitments and risks	-	-	21	21	157	13,4%

In April 2013, the Company signed agreements with companies of EDF Group for two intercompany facilities to refinance a syndicated, standby credit line of 1,500 million euros, recorded on December, 31, 2012 in "current financial liabilities" for 1,150 million euros, as discussed in note "29. Long-term Financial Debt and Other Financial Liabilities".

It is also worth mentioning that, further to the changes that occurred in the stock ownership of Transalpina di Energia Srl (TdE) in 2012, which resulted in EDF SA acquiring control of Edison, TdE's entire share capital was acquired by WGRM Holding 4 Spa (WGRM), the Italian subholding of

the EDF Group, which also owns the investment in Fenice Spa. Consequently, TdE opted to join from 2013 the consolidated tax return filed by WGRM, its controlling company, thereby automatically cancelling the consolidated IRES return that it headed, which had been renewed in 2012.
Starting in 2013 and for the three-year period from 2013 to 2015, Edison Spa and its main subsidiaries also opted to join the consolidated IRES return filed by WGRM. Notices of the dissolution of the preexisting consolidated return by TdE and of the choice of the option for a new 2013-2015 consolidated return by WGRM were formally given in June. Also in June, further to the resolutions adopted by the companies involved, new agreements governing transactions between the companies included in the new scope of IRES consolidation, which basically incorporate the existing stipulation, were formalized.

It is worth to be mentioned that the French state holds 84,4% of the share capital of EDF Sa, the controlling shareholder of Edison. Therefore GDF Suez Sa, a company in which the French state has a share of 36,7%, is a related party of the company. At June 30, 2013, there were no significant transactions with that company.

OTHER INFORMATION

Nonrecurring Events and Material Transactions

Significant events requiring disclosure pursuant to Consob Communication No. DEM/6064293 of July 28, 2006 are listed below. In details on:

- April the Court of Arbitration of the Paris International Chamber of Commerce handed down its award in the price revision arbitration for the long-term contract between Edison and Sonatrach for the supply natural gas from Algeria;
- July an agreement was reached with the gas supplier Ras Laffan, related to review of the long term supply contract fro Qatar; the relevant effects were recognised pursuant to IAS 10 this as an adjustment event.

These operations generated a positive impact on EBITDA for about 585 million euros in the first half 2013.

Transactions Resulting from Atypical and/or Unusual Activities

In the first half of 2013, Edison did not execute atypical and/or unusual transactions, as defined in CONSOB Communication No. DEM/6064293 of July 28, 2006.

SIGNIFICANT EVENTS OCCURRING AFTER JUNE 30, 2013

Bank loan agreement of 500 million euros

On July10, 2013, Edison spa signed an agreement for a short-term loan in the amount of 500 million euros with a pool of major national and international banks. This credit line, provided on a club-deal basis with no subsequent syndication activities, is structured as a revolving credit facility and is not collateralized. The interest rate is indexed to the Euribor plus a spread in line best market terms and the facility matures in January 2015. With this new credit line Edison further strengthened its level of financial flexibility.

Finalised agreement with Sonatrach

In July Edison successfully finalised the agreement with Sonatrach for the Algerian gas supply contract, related to the second renegotiation cycle.

Milan, July 29, 2013

The Board of Directors
by Bruno Lescoeur
Chief Executive Officer

Certification of the Condensed Semiannual Financial Statements Pursuant to Article 81-*ter* of Consob Regulation No. 11971 of May 14, 1999, as Amended

1. We, the undersigned Bruno Lescoeur, in my capacity as “Chief Executive Officer,” and Didier Calvez and Roberto Buccelli, in our capacity as “Dirigenti Preposti alla redazione dei documenti contabili societari,” employees of Edison Spa, taking into account the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998, certify that the administrative and accounting procedures applied to prepare the Condensed Semiannual Financial Statements for the period from January 1, 2013 to June 30, 2013:

   - were adequate in light of the Company’s characteristics; and
   - were properly applied.

2. We further certify that:

   2.1. the Condensed Semiannual Financial Report (condensed consolidated semiannual financial statements and condensed semiannual financial statements of Edison Spa):

   a) were prepared in accordance with applicable international accounting principles recognized by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of July 19, 2002;
   b) are consistent with the data in the books of accounts and other accounting records;
   c) provide a truthful and fair presentation of the balance sheet, income statement and financial position of the issuer and of all of the companies included in the scope of consolidation.

   2.2. the Interim Report on Operations includes a reliable analysis of significant developments that occurred during the first half of the year and of their impact on the Condensed Semiannual Financial Statements, together with a description of the main risks and contingencies for the remaining six months of the year. The Interim Report on Operations also provides a reliable analysis of transactions with related parties.

Milan, July 29, 2013

Bruno Lescoeur
Chief Executive Officer

Roberto Buccelli
Didier Calvez
Dirigenti Preposti alla redazione
dei documenti contabili societari

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

**AUDITORS' REVIEW REPORT
ON THE CONDENSED CONSOLIDATED SEMIANNUAL FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2013**

**To the Shareholders of
EDISON S.p.A.**

1. We have reviewed the condensed consolidated semiannual financial statements, consisting of the income statement, the other components of the comprehensive income statement, the balance sheet, the statement of cash flow and the statement of changes in consolidated Shareholder's equity and related explanatory notes of Edison S.p.A. and subsidiaries (the "Edison Group") as of June 30, 2013. These condensed consolidated semiannual financial statements, prepared in accordance with the International Financial Reporting Standards applicable to the interim financial reporting (IAS 34) as adopted by the European Union are the responsibility of the Edison S.p.A.'s Directors. Our responsibility is to issue this report based on our review.

2. We conducted our review in accordance with the standards recommended by CONSOB with Resolution n. 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the condensed consolidated semiannual financial statements, assessing whether accounting policies have been consistently applied and making inquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive verification procedure of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike an audit report on the year-end financial statements, we do not express an audit opinion on the condensed consolidated semiannual financial statements.

   The condensed consolidated semiannual financial statements present for comparative purposes data of the consolidated financial statements and of the prior year condensed consolidated semiannual financial statements. As explained in the notes to the condensed consolidated semiannual financial statements, the Directors have reclassified certain comparative data related to previous periods with respect to the data previously reported and audited and reviewed by us, on which we issued our auditors' reports dated February 14, 2013 and July 31, 2012. The methods adopted to reclassify the comparative financial data and the related disclosures reported in the notes to the condensed consolidated semiannual financial statements have been examined by us for the purpose of the limited review of the condensed consolidated semiannual financial statements.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Palermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

3. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated semiannual financial statements of the Edison Group as of June 30, 2013 are not prepared, in all material respects, in accordance with the International Financial Reporting Standards applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Piergiulio Bizioli
Partner

Milan, Italy
July 29, 2013

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

Deloitte.

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20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
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**AUDITORS' REVIEW REPORT
ON THE CONDENSED SEMIANNUAL FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2013**

**To the Shareholders of
EDISON S.p.A.**

1. We have reviewed the condensed semiannual financial statements, consisting of the income statement, the other components of the comprehensive income statement, the balance sheet, the statement of cash flow and the statement of changes in Shareholder's equity and related explanatory notes of Edison S.p.A. (the "Company") as of June 30, 2013. These condensed semiannual financial statements, prepared in accordance with the International Financial Reporting Standards applicable to the interim financial reporting (IAS 34) as adopted by the European Union are the responsibility of the Edison S.p.A.'s Directors. Our responsibility is to issue this report based on our review.

2. We conducted our review in accordance with the standards recommended by CONSOB with Resolution n. 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the condensed semiannual financial statements, assessing whether accounting policies have been consistently applied and making inquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive verification procedure of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike an audit report on the year-end financial statements, we do not express an audit opinion on the condensed semiannual financial statements.

   The condensed semiannual financial statements present for comparative purposes data of the separate financial statements and of the prior year condensed semiannual financial statements. As explained in the notes to the condensed semiannual financial statements, the Directors have reclassified certain comparative data related to previous periods with respect to the data previously reported and audited and reviewed by us, on which we issued our auditors' reports dated February 14, 2013 and July 31, 2012. The methods adopted to reclassify the comparative financial data and the related disclosures reported in the notes to the condensed semiannual financial statements have been examined by us for the purpose of the limited review of the condensed semiannual financial statements.

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DELOITTE & TOUCHE S.p.A.

Signed by
Piergiulio Bizioli
Partner

Milan, Italy
July 29, 2013

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