QUARTERLY REPORT
at September 30, 2014

EDISON

Contents

QUARTERLY REPORT AT SEPTEMBER 30, 2014

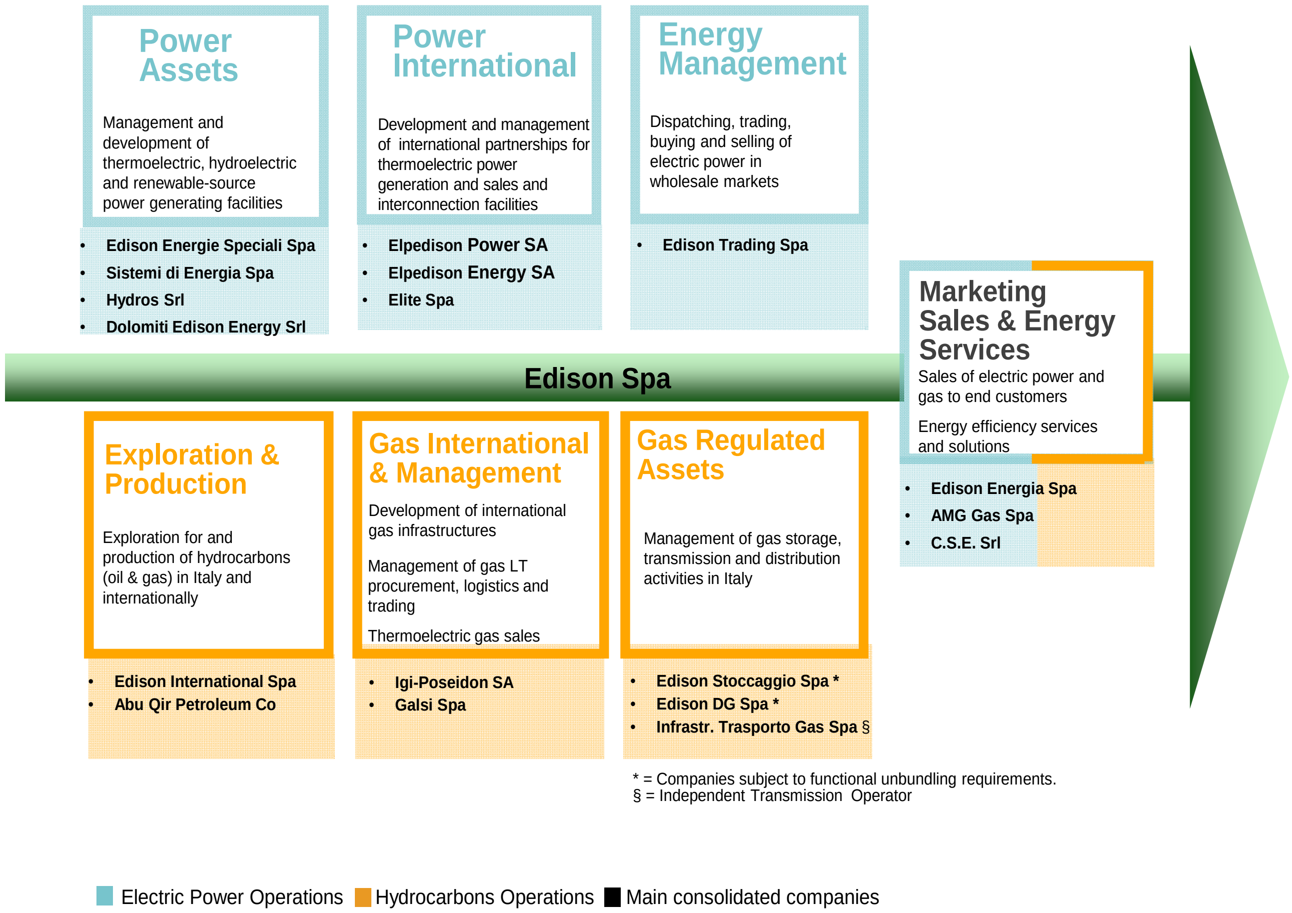
This document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version.

REPORT ON OPERATIONS

at September 30, 2014

Simplified Structure of the Group at September 30, 2014

Organization and Activities of the Divisions, Business Units and Main Companies in the Scope of Consolidation



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

Key Events

THIRD QUARTER OF 2014

Growing Our Business

Edison: Start of Production at the Izabela Field in Croatia

Early in July 2014, production began from the Izabela field in Croatia, in which Edison holds a 70% participating interest through a joint venture with the Croatian oil company INA.

The field, which is located in the Northern Adriatic Sea, 50 km off the Pula coast, has 1.4 billion cubic meter of estimated gas reserves and, at full capacity, will produce 280 million cubic meter of gas per year. Production is being carried out through two platforms (Izabela North and Izabela South), installed in a water depth of 37 meters, while the gas processing and compression takes place on the Ivana A and K platforms, which are operated by INAgip (a joint venture of INA and Eni) and connected to the Izabela facilities through a 26 km pipeline.

Completed in 2010 with the installation of the two production platforms, the Izabela development plan was delayed due to a disagreement between the parties on the terms for gas transmission and sales. Thanks to an open and constructive dialog with INA, the dispute was resolved to the mutual satisfaction of both partners and production from the field was allowed to begin.

With the start of production from Izabela, Croatia becomes Edison’s fourth largest hydrocarbons producing country behind Italy, Egypt and the UK, consistent with the Group’s growth strategy in the hydrocarbons sector.

Edison, EDF Energies Nouvelles and F2i in an Agreement to Create a New Renewable Energy Hub

On July 31, 2014, F2i, Edison and EDF Energies Nouvelles entered into an agreement that will lead to the founding of Italy's third largest operator in the renewable energy sector and will control about 600 MW of capacity (mainly wind power) following the combination of the facilities operated by Edison Energie Speciali Spa and of some of the facilities that EDF Energies Nouvelles Italia operates.

The new renewable energy hub will contribute to the growth and consolidation of this sector's best operators, leveraging Edison's industrial competencies in managing and optimizing electric power production from different technologies, together with those of EDF Energies Nouvelles in the Operation and Maintenance (O&M) area. Financial strength and skills will be enhanced by the presence of a strategic partner such as F2i, a long-term institutional investor with consolidated expertise in the renewable energy sector.

The Italian electric power market, while still going through a challenging period, thus confirms its attractiveness for operators capable of optimizing the complementarity of thermoelectric, hydroelectric and other renewable-source power generating assets. By maximizing the value of these competencies, the new company could become an aggregation hub for medium-size and smaller operators in the renewable energy sector.

For a detailed analysis about the transaction see the section of the Review of the Group’s Operating Performance and Financial Results entitled “Significant Events Occurring After September 30, 2014”.

Edison: Conclusion of the Promgas Arbitration for a Revision of Natural Gas Prices Under Long-term Contracts

On August 29, 2014, further to a decisions by Edison and Promgas to entrust to the Stockholm Board of Arbitration the revision of the price for gas purchased from Russia under a long-term contract, the Board of Arbitration, which is part of the Stockholm Chamber of Commerce, notified its award to the parties. The overall positive impact for Edison is estimated at 80 million euros at the EBITDA level in 2014.

Other Key Events

Standard & Poor's Revises Edison's Rating

On September 26, 2014, the Standard & Poor's rating agency raised Edison's long-term credit rating to A-, up from BBB+, with negative outlook. The rating agency confirmed the short-term rating at A-2.

The long-term rating upgrade reflects the new assessment of Edison by Standard & Poor's as a highly strategic company for the EDF Group. The negative outlook reflects the outlook for Italy's sovereign rating.

Standard & Poor's pointed out that international development through Edison is a strategic priority for the EDF Group as it seeks to diversify its activities. More specifically, the rating agency underscored Edison's importance as a gas platform for the entire Group and the positive outcome of efforts to renegotiate gas procurement contracts. Thanks to these successful renegotiations and Edison's integration into its parent company's liquidity and funding management framework, Standard & Poor's projects a steady improvement in Edison's financial metrics.

Significant Events Occurring After September 30, 2014

Information about events occurring after the end of the three-month period covered by this Report is provided in the section of the Review of the Group's Operating Performance and Financial Results entitled "Significant Events Occurring After September 30, 2014".

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 that follow 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 European Securities and Markets Authority (ESMA), are described in the footnotes to the tables.

Starting on January 1, 2014, further to the adoption of the IFRS 11 accounting principle, joint ventures previously consolidated by the proportional method are valued by the equity method; consequently, the data for 2013 were also reclassified. See the sections of the Notes to the Quarterly Report at September 2014 entitled "Methods Applied to the Preparation of the Financial Statements" and "Comparability" for a detailed analysis.

Edison Group

2013 full year (*)	(in millions of euros)	9 months 2014	9 months 2013 (*)	% change	3rd quarter 2014	3rd quarter 2013 (*)	% change
12,150	Sales revenues	8,794	8,994	*(2.2%)*	2,702	2,834	*(4.7%)*
970	EBITDA	652	816	*(20.1%)*	229	161	*42.2%*
8.0%	*as a % of sales revenues*	*7.4%*	*9.1%*		*8.5%*	*5.7%*	
325	EBIT	402	399	*0.8%*	69	48	*43.8%*
2.7%	*as a % of sales revenues*	*4.6%*	*4.4%*		*2.6%*	*1.7%*	
98	Profit (Loss) from continuing operations	193	174	*10.9%*	69	29	*n.m.*
-	Profit (Loss) from discontinued operations	-	-	-	-	-	
96	Group interest in net profit (loss)	177	174	*1.7%*	61	22	*n.m.*
171	Capital expenditures of continuing operations	198	112	*76.8%*	86	35	*n.m.*
92	Investments in exploration	46	44	*4.5%*	16	16	-
9,690	Net invested capital (A + B) (1)	9,631	9,651	*(0.6%)*			
2,451	Net financial debt (A) (1)(2)	2,145	2,359	*(12.5%)*			
7,239	Shareholders' equity before minority interest (B) (1)	7,486	7,292	*3.4%*			
7,126	Shareholders' equity attributable to the shareholders of the parent company (1)	7,363	7,180	*3.3%*			
3.48%	ROI (3)	5.74%	5.70%				
1.35%	ROE (4)	3.26%	3.26%				
0.34	Debt / Equity (A/B)	0.29	0.32				
25%	Gearing (A/A+B)	22%	24%				
3,183	Number of employees (1)(5)	3,146	3,201	*(1.2%)*			
	Stock market prices (in euros) (6)						
-	• common shares (7)	-	-				
0.9592	• savings shares	0.8953	0.9060				
	Earnings per share (in euros)						
0.0175	• basic earnings per common share	0.0329	0.0323				
0.0475	• basic earnings per savings share	0.0629	0.0623				
0.0175	• diluted earnings per common share	0.0329	0.0323				
0.0475	• diluted earnings per savings share	0.0629	0.0623				

(1) End-of-period data. The changes are computed against the data at December 31, 2013.
(2) A breakdown of this item is provided in the "Net Financial Debt" section of the Review of the Group's Operating Performance and Financial Results.
(3) Annualized EBIT/Average net invested capital from continuing operations. Net invested capital from continuing operations does not include the value of equity investments held as non-current assets and is computed as the arithmetic average of the net invested capital at the end of the period and at the end of the previous year.
(4) Annualized Group interest in net result/Average shareholders' equity attributable to Parent Company shareholders. Average shareholders' equity is the arithmetic average of the Group interest in shareholders' equity at the end of the period and at the end of the previous year.
(5) Companies consolidated line by line.
(6) Simple arithmetic average of the prices for the last calendar month of the period.
(7) The common shares were delisted on September 10, 2012.
(*) The data for 2013 were restated due to the adoption of IFRS 11 "Joint Arrangements."

Sales Revenues and EBITDA by Business Segment

2013 full year (*)	(in millions of euros)	9 months 2014	9 months 2013 (*)	% change	3rd quarter 2014	3rd quarter 2013 (*)	% change
	Electric Power Operations (1)						
7,136	Sales revenues	5,900	5,280	*11.7%*	1,889	1,737	*8.8%*
656	Reported EBITDA	492	497	*(1.0%)*	136	155	*(12.3%)*
666	Adjusted EBITDA (**)	510	512	*(0.4%)*	146	159	*(8.2%)*
	Hydrocarbons Operations (1)						
5,870	Sales revenues	3,405	4,346	*(21.7%)*	981	1,299	*(24.5%)*
425	Reported EBITDA	251	388	*(35.3%)*	125	27	*n.m.*
415	Adjusted EBITDA (**)	233	373	*(37.5%)*	115	23	*n.m.*
	Corporate Activities and Other Segments (2)						
52	Sales revenues	35	37	*(5.4%)*	12	13	*(7.7%)*
(111)	EBITDA	(91)	(69)	*n.s.*	(32)	(21)	*n.s.*
	Eliminations						
(908)	Sales revenues	(546)	(669)	*18.4%*	(180)	(215)	*16.3%*
	EBITDA						
	Edison Group						
12,150	**Sales revenues**	**8,794**	**8,994**	***(2.2%)***	**2,702**	**2,834**	***(4.7%)***
970	**EBITDA**	**652**	**816**	***(20.1%)***	**229**	**161**	***42.2%***
8.0%	***as a % of sales revenues***	***7.4%***	***9.1%***		***8.5%***	***5.7%***	

(1) See the simplified structure of the Group on page 4.

(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 data for 2013 were restated due to the adoption of IFRS 11 "Joint Arrangements."

(**) 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.

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Performance and Results of the Group

Operating Performance

The Group reported sales revenues of 2,702 million euros in the third quarter of 2014, or 4.7% less than in the same period last year.
A breakdown by business segment shows a gain of 8.8% for the Electric Power Operations and a contraction of 24.5% for the Hydrocarbons Operations that are largely consistent with sales volume dynamics.
Cumulative sales revenues for the first nine months of 2014 reflect a similar trend, decreasing from 8,994 million euros to 8,794 million euros, for a reduction of 2.2%, as an increase in the revenues of the Electric Power Operations (+11.7%) mitigated the effect of a decrease by the Hydrocarbons Operations (-21.7%).

Quarterly EBITDA totaled 229 million euros, up 42.2% compared with the third quarter of 2013, thanks mainly to the price revision for the contract to supply natural gas from Russia, further to the successful conclusion of the arbitration proceedings with Promgas on August 29, 2014.

Cumulative EBITDA for the first nine months of 2014 totaled 652 million euros, for a decrease of 164 million euros (-20.1%) compared with 816 million euros in the same period a year ago.
This result is attributable:

- for 233 million euros to the Hydrocarbon Operations and, more specifically, the positive margins of the Exploration and Production activities and the Regulated Gas Infrastructures, net of the loss in the gas buying and selling business, which continues to be characterized by negative unit sales margins.
  The decrease of 140 million euros compared with the adjusted EBITDA(1) of the first nine months of 2013, amounting to 373 million euros, is chiefly due to the result from the gas buying and selling activity, which, while benefiting from the Promgas arbitration in the third quarter of 2014, is compared with a figure that reflects the impact of positive nonrecurring components resulting from the price revisions of contracts to supply natural gas from Algeria and Qatar recognized in the first half of 2013;
- for 510 million euros to the Electric Power Operations, which benefited from the management of the Group's thermoelectric, hydroelectric and renewable-source power plants, the contribution of dispatching activities, the optimization of the facilities portfolio on the spot and wholesale markets and sales to end customers. This result, while boosted by an exceptionally high availability of water resources, reflects a positive operating performance (-0.4% compared with the same period last year) despite a particularly challenging market environment, with steady year-over-year declines both in the level of demand for electric power and in energy prices.

More detailed information about the reporting period and the cumulative results at September 30, 2014 is provided in the section of this Report entitled "Performance of the Group's Businesses."

(1) See note on page 8.

EBIT totaled 402 million euros at September 30, 2014,virtually unchanged compared with the same period in 2013 (+0.8%). In addition to the factors mentioned above, EBIT reflect depreciation and amortization and writedowns amounting to 370 million euros and a net positive change in the fair value of derivatives (commodities and foreign exchange) of 120 million euros (negative change of 9 million euros in the first nine months of 2013). Depreciation, amortization and writedowns decreased by 38 million euros due to the writedowns recognized in 2013.

The result from continuing operations, which is after net financial expense of 99 million euros and income taxes of 106 million euros that benefited from the positive impact of the tax realignment transaction execute in July 2014, amounted to 193 million euros (174 million euros in the first nine months of 2013).

At September 30, 2014, net financial debt totaled 2,145 million euros (2,359 at September 30, 2013), down from 2,451 million euros at December 31, 2013.

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

2013 full year (*)	(in millions of euros)	**September 30, 2014**	**September 30, 2013 (*)**
(2,508)	**A. NET FINANCIAL (DEBT) AT BEGINNING OF PERIOD**	**(2,451)**	**(2,508)**
970	EBITDA	652	816
(82)	Change in operating working capital	198	156
(220)	Income taxes paid (-)	(188)	(136)
(176)	Change in other assets (liabilities)	11	(451)
492	**B. CASH FLOW FROM OPERATING ACTIVITIES**	**673**	**385**
(263)	Investments in property, plant and equipment and intangibles (-)	(244)	(156)
(4)	Investments in non-current financial assets (-)	-	(4)
(56)	Acquisition price of business combinations (-)	-	-
8	Proceeds from the sale of property, plant and equipment, intangibles and non-current financial assets	32	5
7	Capital distributions from equity investments	5	5
5	Dividends received	5	5
189	**C. FREE CASH FLOW**	**471**	**240**
(112)	Financial income (expense), net	(99)	(71)
(20)	Dividends paid (-)	(66)	(20)
57	**D. CASH FLOW AFTER FINANCING ACTIVITIES**	**306**	**149**
-	Discontinued operations	-	**-**
57	**E. NET CASH FLOW FOR THE PERIOD**	**306**	**149**
(2,451)	**F.NET FINANCIAL (DEBT) AT END OF PERIOD**	**(2,145)**	**(2,359)**

(*) The data for 2013 were restated due to the adoption of IFRS 11 "Joint Arrangements."

More detailed information about the individual components of this item is provided in the "Net Financial Debt" section of the Review of the Group's Operating Performance and Financial Results.

Outlook and Projected Year-end Results

The Edison Group still aims to achieve a normalized EBITDA of 1 billion euros, the exact amount of which may vary depending on the timing of the price reviews of the long-term contracts for the natural gas supply. Edison is in the process of completing the second round of price reviews, involving the ongoing one with ENI for gas from Libya, which should be completed by early 2015. In 2014, without taking into account any potential impact of that price review and considering the performance in the first nine months of the year, EBITDA should be higher than 700 million euros.

Economic Framework

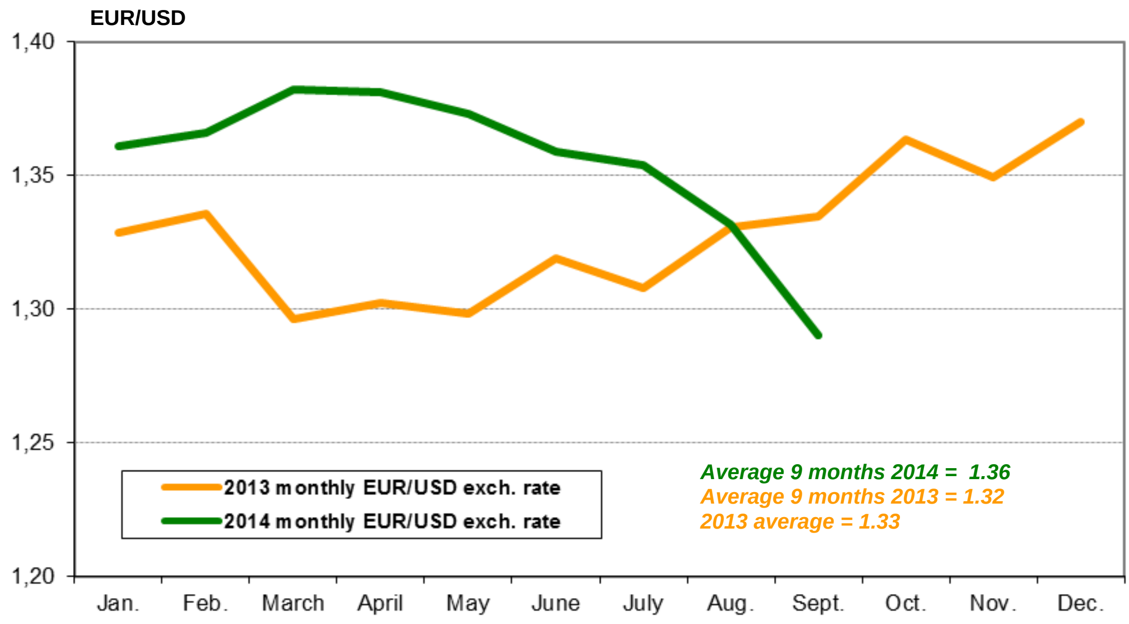
At the end of September, the international macroeconomic picture presented two diverging trends: on the one hand, an encouraging trend for the countries outside the Eurozone, characterized by a good performance and a positive outlook in terms of economic dynamics; on the other hand, a more alarming trend for the Eurozone, characterized by the deterioration of an already weak environment, made worse by the impact of the Russian-Ukrainian conflict that cooled recovery expectations in Europe.

More specifically, the recovery resumed at a healthy pace in the United States, the British economy grew past the pre-crisis high reached at the beginning of 2008 and Japan too, after the sudden pullback of the second quarter, appears to be back on a positive growth track. Among the emerging countries, except for Brazil and Russia (the latter faced problems even before clashing with Ukraine), India and China are continuing to growth at a sustained pace, albeit at somewhat slower rates than in the past and the situation is improving also in the emerging European countries, which are mainly those of Eastern Europe, despite the continuing difficulties created by the tension between Russia and Ukraine and the impact of still sluggish internal demand in the Eurozone.

As for the Eurozone, a weak economic recovery was smothered by stagnation in international trade and a geopolitical context characterized by the tension between Russia and Ukraine. Global demand, while improving, has slowed and the intensification of the Russian-Ukrainian conflict undermined confidence in all European countries, with a particularly negative effect on investments. The weakening of the economic cycle, which did not spare even the Union’s strongest economies (a flat performance in France and negative results in Germany), was also apparent in the exceptionally low rate of inflation.

In Italy, the economic outlook continued to be extremely fragile in the first nine months of the current year, with a labor market that is struggling to recover (the unemployment rate was 12.3% overall, but rose to 44.2% for young people), a depressed domestic market and a less robust contribution provided by foreign demand, due both a strong euro (which, however, began to weaken in the last months) and to geopolitical tensions that adversely affected international trade. The Russian-Ukrainian crisis has already had, and could continue to have, a highly negative impact on Italy’s foreign trade and its economy. This impact could be magnified with the adoption of additional commercial counter-sanctions that could cut Italian exports to Russia by about one billion euros.

In the first nine months of 2014, the exchange rate for the euro versus the U.S. dollar averaged 1.36 U.S. dollars for one euro, up compared with the same period last year (1.32 U.S. dollars for one euro), fluctuating between a high of 1.395 in May and a low of 1.258 reached on September 30. Starting in May, the exchange rate followed a downward trend due mainly to different economic performances by the United States and Europe, with the former continuing to deliver strongly positive signals, both in terms of job creation and economic growth, and the latter continuing to show signs of weakness, dragged down by conditions in countries, such as Italy and France, where the economy is not growing or actually contracting.



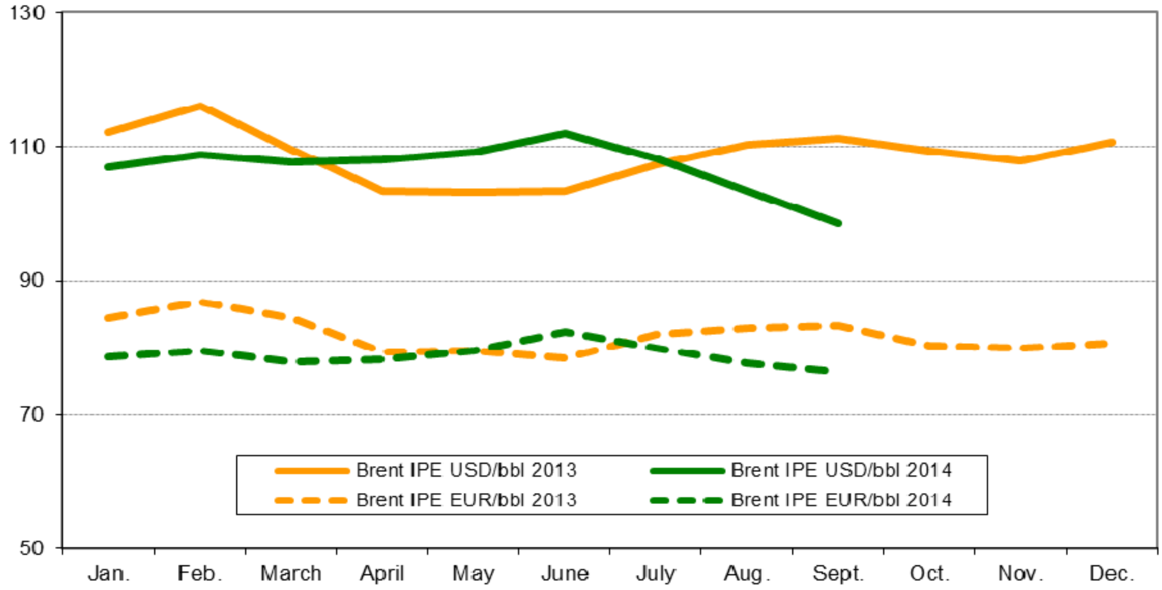
Oil prices declined in the first nine months of 2014, down by 1.4% compared with the same period last year, averaging 107 USD per barrel. While prices were up slightly in the second quarter due to political tension in Iraq, with Brent crude reaching 115 USD per barrel in June, in the ensuing months, despite persisting geopolitical uncertainties, crude prices lost more than 20 USD per barrel. There are a number of reasons that account for this decline: on the supply side, OPEC has been steadily producing more than 30 million barrels a day and in the United States production grew at a double-digit rate (+14% in the first half of 2014), which entails an equal reduction in net U.S. imports; as for demand, the International Energy Agency estimates that it will remain in line with the moderate growth projected for the global economy, recently revised downward.

In the first nine months of 2014, the price of oil in euro decreased even more, due to the decline in the value of the U.S. dollar.

The table and chart that follow show the average quarterly data and the monthly trends for the current year and the previous year:

2013 full year		9 months 2014	9 months 2013	*% change*	Q3 2014	Q3 2013	*% change*
108.7	Oil price in USD/bbl[(1)]	107.0	108.5	*(1.4%)*	103.4	109.7	*(6.2%)*
1.33	USD/EUR exchange rate	1.36	1.32	*2.9%*	1.33	1.32	*0.0%*
81.9	Oil price in EUR/bbl	79.0	82.4	*(4.2%)*	78.0	82.8	*(5.8%)*

(1) Brent IPE



On the Atlantic market, coal prices were also down (-5,8% in the first nine months of 2014). A scarcity of demand caused by the unusual weather that characterized 2014, with an exceptionally warm winter and a summer with temperatures cooler than the seasonal average, is the main reason for this decline.

In the first nine months of 2014, in the CO_2 emissions rights market, the average value of ETS credits settled at a level that, while relatively low (5.7 euros per ton), was 31% higher than in the first nine months of 2013 (4.4 euros per ton). While in the first quarter the price of ETS credits was boosted by the approval of the quota backloading plan, rising to a high of 7.30 euros per ton on February 21, 2014, it gradually decreased in the second quarter, falling back to an average value 5.3 euros per ton, only to rise again slightly in the third quarter (6.1 euros per ton), perhaps due to the Russia-Ukraine confrontation and the resulting possible increase in the use of coal fired power plants later this winter.

The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

2013 full year	TWh	9 months 2014	9 months 2013	% change	Q3 2014	Q3 2013	% change
278.8	Net production:	202.7	210.7	*(3.8%)*	69.9	72.6	*(3.8%)*
183.4	*- Thermoelectric*	121.4	135.3	*(10.2%)*	41.5	47.3	*(12.2%)*
54.1	*- Hydroelectric*	46.2	42.0	*10.0%*	15.9	14.0	*14.2%*
41.4	*- Other renewables* (1)	35.1	33.4	*4.9%*	12.4	11.4	*9.2%*
42.1	Net import/export balance	30.8	30.1	*2.3%*	8.5	8.7	*(1.9%)*
(2.5)	Pumping consumption	(1.7)	(1.8)	*(6.0%)*	(0.3)	(0.4)	*(21.9%)*
318.5	**Total demand**	**231.8**	**239.0**	***(3.0%)***	**78.1**	**80.9**	***(3.5%)***

Source: Analysis of 2013 actual data and pre-closing 2013 Terna data, before line losses.

(1) Includes production from geothermal, wind power and photovoltaic facilities.

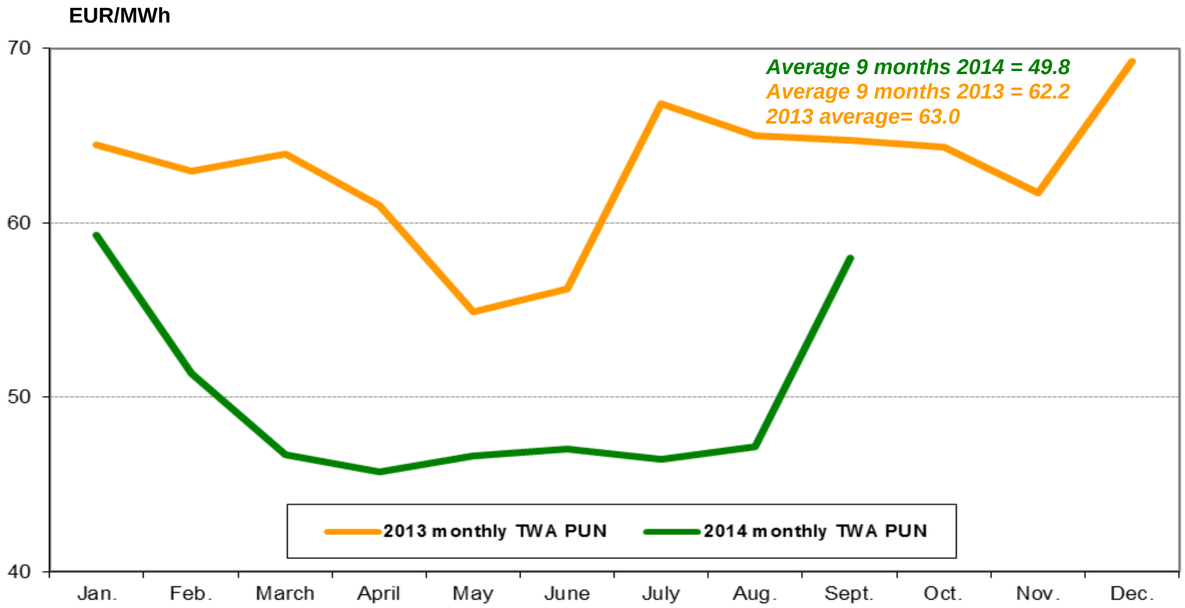
In the third quarter of 2014, gross total demand for electric power from the Italian grid totaled 78.1 TWh (1 TWh = 1 billion kWh), or 3.5% less than in the same period last year.
In July and August, the weather temperature was significantly cooler than usual, which cause a reduction in the use of air conditioners, resulting in a sharp drop in demand for electric power in those months. In September, however, there was a modest reversal of last year's trend.
The 2.7 TWh decline in net national production in the third quarter was due entirely to a contraction of 2.8 TWh in demand for electric power, with a reduction of 0.2 TWh in net electric power imports and a decrease of 0.1 TWh in pumping consumption. In the third quarter of 2014, domestic production, net of pumping consumption, covered 89% of demand, the same as in the third quarter of 2013, with net imports accounting for the remaining 11%.
Thermoelectric production continued to contract, falling by -5.8 TWh (-12.2%), due to the combined impact of lower demand and a rising output from renewable-source facilities. More specifically, hydroelectric production increased by 2.0 TWh (+14.2%), reaching a level close to its all-time high, and production from other renewables grew by 1.0 TWh (+9.2%), due mainly to gain in production from wind farms and photovoltaic facilities, which increased by 0.7 TWh (+27%) and 0.3 TWh (+4%), respectively.

In the first nine months of 2014, gross total demand for electric power totaled 231.8 TWh, or 3.0% less than in the same period last year.

Insofar as the pricing scenario is concerned, the time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian) decreased to 49.8 euros per MWh at September 30, 2014, down 20% compared with the first nine months of 2013 (62.2 euro/MWh).
In the first quarter of the year, an exceptionally mild winter has contributed to bring down gas prices on the Virtual Exchange Facility, which, in turn, depressed electric power prices; in the second quarter prices held at the same level as in March and this situation continued in the summer months, during which relatively cool weather held back demand for electric power; the largest contractions occurred in July and August

(-31% and -27%, respectively). However, prices recovered in September, again closely mirroring gas prices on the Virtual Exchange Facility.

The chart below shows the monthly trends and provides a comparison with the previous year:



The energy scenario in Germany and France followed the same trend as the Italian market: a mild winter caused French and German energy prices to decrease by 22% and 15%, respectively, in the first nine months of 2014, compared with the same period last year. As a result, the Italy/France differential narrowed, decreasing from 20.4 euros per MWh to 17.2 euros per MWh in 2014, and the Italy-Germany differential, contracted from 24.3 euros per MWh to 17.7 euros per MWh.

Demand for Natural Gas in Italy and Market Environment

2013 full year	in billions of cubic meters	9 months 2014	9 months 2013	% change	Q3 2014	Q3 2013	% change
30.4	Services and residential customers	17.2	20.7	*(16.6%)*	2.3	1.9	*20.5%*
16.9	Industrial users	12.7	12.6	*1.0%*	3.9	3.8	*3.4%*
20.7	Thermoelectric power plants	12.8	15.2	*(15.6%)*	4.4	5.4	*(17.3%)*
1.5	System usage and leaks	1.0	1.1	*(9.7%)*	0.3	0.3	*(4.0%)*
69.5	**Total demand**	**43.6**	**49.5**	***(11.9%)***	**10.9**	**11.4**	***(3.8%)***

Source: 2013 actual data and 2014 preliminary data from Snam Rete Gas and the Ministry of Economic Development and Edison estimates.

In the third quarter of 2014, Italian demand for natural gas contracted by 3.8% compared with the same period last year to a total of about 10.9 billion cubic meters, for an overall reduction of about 0.4 billion cubic meters.

The main reason for this decrease is a reduction in the production of gas fired thermoelectric power plants (use by thermoelectric facilities down by about 0.9 billion cubic meters, or 17.3%, compared with the same period in 2013) due to the combined effect of an increase in the contribution of renewable facilities and a drop in demand for electric power.

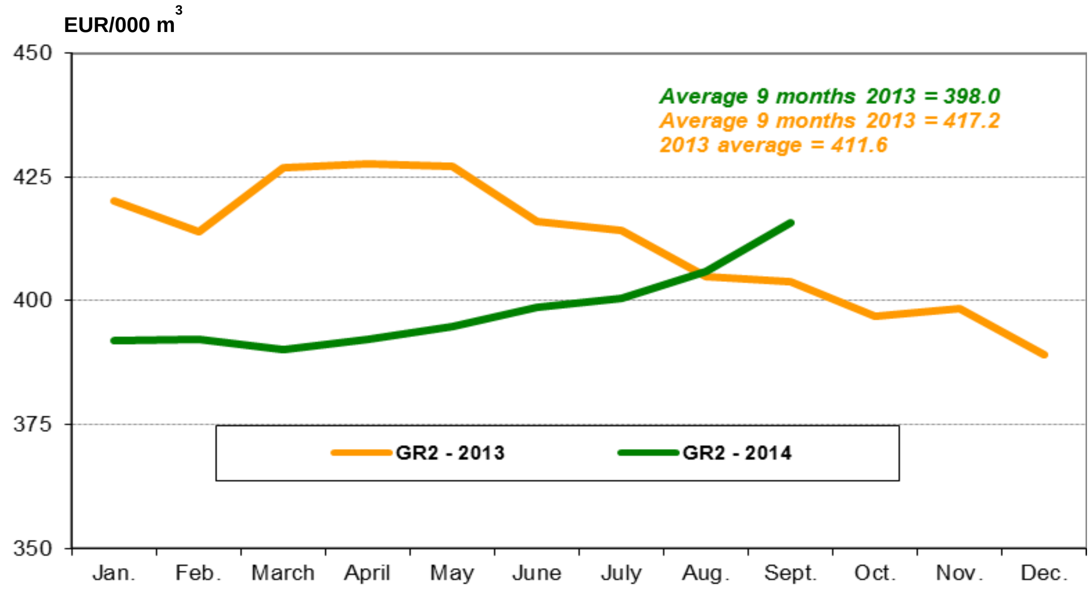
Demand from industrial users was up by a modest 3.4%, reversing the trend of the previous quarter, while in the case of services and residential customers, preliminary data by Snam Rete Gas point to a substantial gain in consumption (+20.5%).

The following developments characterized supply sources in the third quarter of 2014:

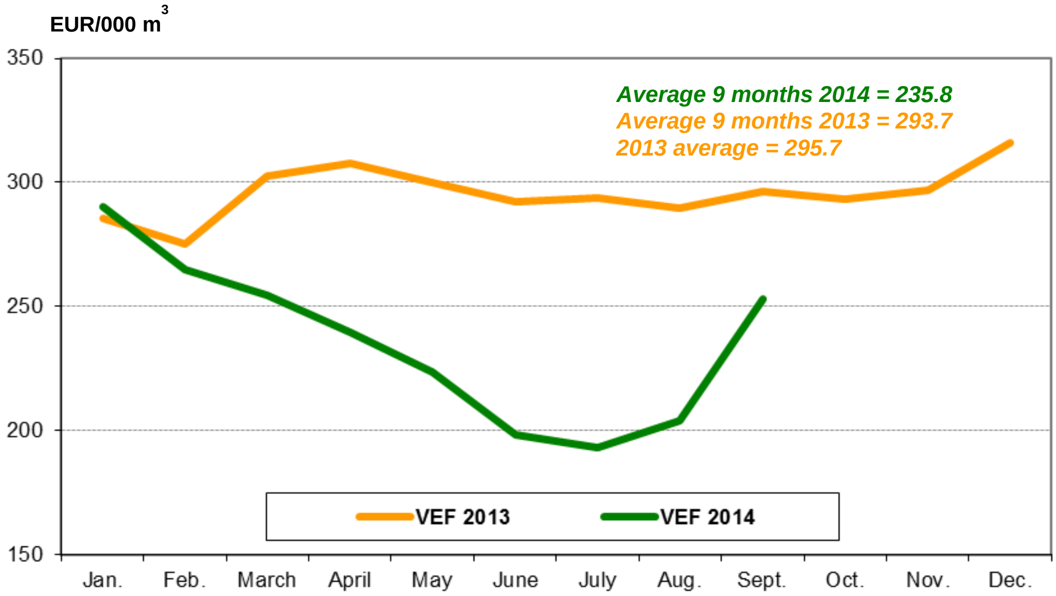
- lower domestic production (-6% compared with the third quarter of 2013)
- a 10% reduction in gas imports compared with third quarter of 2013 (-1.3 billion cubic meters);
- a sharp decrease in the volumes added to stored gas inventories compared with the same period in 2013 (-1.0 billion cubic meters; -23%), due to a more aggressive refilling activity in the previous quarter.

The data for the first nine months of 2014 show that demand for natural gas totaled about 43.6 billion cubic meters, for a significant decrease of 5.9 billion cubic meters (-11.9%) compared with the same period in 2013.

The average prices for indexed gas in the first nine months of 2014 (depicted in the chart below, which uses the Gas Release 2 formula as a benchmark) was down 4.6% compared with the same period last year, contracting from 417.2 euros/000 cm to 398.0 euros/000 cm, even though the trend showed an upward bias.



The monthly trend for gas prices on the spot market, shown in the following chart, which uses the price on the Virtual Exchange Facility (VEF) as a benchmark, reflects a sharp decrease of 19.7% in the first nine months of 2014 compared with the same period last year. While the contraction was relatively modest in the first quarter of 2014 (-6%), the price decline became quite substantial (-26%) in the second and third quarter. Specifically, a mild winter not only depressed demand for gas during the winter months but also left gas storage facilities relatively full: at the end of the gas delivery period (March 31, 2014), the gas stored in the system reached 3.3 billion cubic meters of gas, or 1.7 billion cubic meters more than at March 31, 2013. This gas storage level produces a structural oversupply of gas during the summer months, when demand is already typically quite low, which exercised downward pressure on prices. Towards the end of the third quarter, prices bounced back vigorously, as the market began to stop underestimating the potential risk of a partial or complete interruption in the supply of gas from Russia: in September alone, spot gas prices at the VEF posted an increase of 5c€/scm, causing the differential with the European benchmark hub (TTF) to widen to 3.5c€/scm, a level that had not been seen since June 2011.



The table below shows average quarterly prices for the Gas Release 2 and the VEF:

2013 full year		9 months 2014	9 months 2013	*% change*	Q3 2014	Q3 2013	*% change*
411.6	Gas Release 2 - euros/000 cm (1)	398.0	417.2	*(4.6%)*	407.4	407.6	*(0.1%)*
295.7	VEF – euros/000 cm	235.8	293.7	*(19.7%)*	216.9	293.3	*(26.1%)*

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

The CMEM rate component, which is indicative of the prices charged in the residential market, is fully indexes to prices on the TTF as of the 2013-2014 thermal year, as per Resolution No. 196/2013/R/GAS, and, consequently, is reflective of the trend in European spot gas prices commented above. The CMEM component averaged 280 euros per thousand cubic meters in the first nine months of 2014.

Legislative and Regulatory Framework

The main legislative and regulatory measures enacted in the third quarter of 2014 that had an impact on the energy industry, both in Italy and at the E.U. level, are reviewed below.

Electric Power

Wholesale Market

Remuneration of production capacity: On June 30, 2014, the Ministry of Economic Development officially approved the new capacity market mechanism proposed by Terna, which should go into effect starting in 2019.

Basically, the proposed rules are being approved with the following conditions:

- the adequacy assessment must take into account the positive effects of the development of the networks and cross-border interconnections, consistent with the objective of full integration of the domestic energy market;
- the active participation of the demand side is assured starting with the system's initial sessions;
- the system must promote the adoption of efficient structures and technologies and access to renewable sources also for distributed generation facilities, equipped with features that enable them to contribute to the system's adequacy;
- the determination of the minimum and maximum bonus amount must be designed to ensure that the rules allow a reduction of systems costs and consumer charges.

In addition, Terna will be required to carry out and update assessments of the adequacy of production capacity, while the GME (the Electric Power Market Operator) will develop indicators to monitor the effects of the enactment of the new rules on market dynamics.

On the same date, the Electric Power, Gas and Water Resource Authority (the Authority) published Resolution No. 320/2014/R/eel setting forth a flexibility remuneration proposal for the 2015-2017 transitional period submitted to the Ministry for approval. At the end of July, by Resolution No. 400/2014/R/eel, the Authority modified the criteria for the disbursement of the GS fee as part of the transitional capacity payment.

Facilities that are essential for the reliability of the electrical system: Facilities classified as essentials for 2014 included San Quirico (included with cost reimbursement status) and Milazzo (included in alternative modalities with a contract with Terna for the forward step-up supply of reserve on the Dispatching Services Market). On September 30, 2014, Edison filed an application requesting an advance on the reimbursement owed for San Quirico.

Dispatching for renewable sources: Following a decision by the Council of State that permanently voided Resolution No. 281/12 concerning the introduction of imbalance compensation penalties for non-programmable renewable-source facilities, the Authority published Consultation Document No. 302/2014/R/eel with new guidelines in this area.

Retail Market

Integrated Information System: In the first half of 2014, the Authority carried out a consultation process reflected in Resolution No. 296/2014/R/gas, which extends the system's platform to the gas sector through the accreditation of users and distributors and the population of the official central register. In August 2014, the Authority published consultation No. 429/2014/R/eel, which proposes that metering data be managed by the Integrated Information System following a testing period during which distributors will send metering data concurrently to the Integrated Information System.

In addition, by Resolution No. 398/2014/R/eel the Authority established the rules for the contract transfer process within the framework of the Integrated Information System for the electric power sector, defining the modalities by which an end customer can acquire title to an active point of delivery, giving priority to the straight contract transfer (without change of supplier). Other processes will be defined in a subsequent phase. The resolution does not set a date when these rules will go into effect, but outlines a path with deadlines for the different activities,

Consumer Code: In June 2014, the Authority, by Resolution No. 266/2014/R/com, adopted the provisions of the Consumer Code (Legislative Decree No. 21/2014). The abovementioned resolution specifies that the Code's provisions are applicable only to residential customers for contracts signed after June 13, 2014 and introduces certain amendments to the Commercial Conduct Code (additional information that must be provided to final residential customers before executing a contract; change in the maximum deadline for exercising the right to void the contract, which is extended from 10 business days to 14 calendar days) and rules applicable to deceptive business practices (amends the content of preventive measures and complaint procedures). In addition, the Authority launched two consultation processes aimed at completing the adoption of the Decree both within the framework of the Commercial Conduct Code (this consultation was published in August with DCO 401/2014) and with regard to deceptive business practices (publication pending).

Hydrocarbons

Infrastructures

Storage – The Authority carried out two consultations in the third quarter, one regarding service quality and another one concerning rates.

More specifically, with regard to the first issue, the aims of DCO 336/2014/R/com, guidelines concerning *"Regulations concerning service quality for the natural gas storage service during the fourth regulatory period,"* was to define performance levels both in terms of safety and business continuity and in the commercial area ("commercial quality") that must be delivered during the next 2015-2018 regulatory period.

The second consultation (DCO 417/2014/R/gas), which came on the heels of an earlier consultation addressing general issues held in April and May, regarded *"Criteria to regulate natural gas storage rates for the fourth regulatory period."* A particularly significant issue is the potential revision of the revenue coverage mechanism and the proposed incentives for new investments.

Subsequently, by Resolution No. 369/2014/R/gas entitled *"Implementation of a process concerning the CVos fee and the amount thereof from 4/1/15 to 12/31/15,"* the Authority launched a process concerning the CVos fee aimed at studying more in detail whether it would be advisable and feasible to replace it with a single variable fee with the same purposes, applicable to volumes withdrawn from the national transmission system. In addition, the Authority, by the same resolution, set at zero the value of the CVos fee for the abovementioned period.

Rates and market

Fourth regulatory period for calls for tenders and area gas distribution: With regard to calls for tenders for the award of areas gas distribution services, the deadline for the first lot of calls for tenders, originally set at July 11, 2014, was extended by eight months pursuant to the "Competitiveness" Decree Law (final deadline 3/11/15). The abovementioned decree also extended by six months the deadlines for the second, third and fourth area lots and by four months the deadlines for the fifth and sixth area lots.

In anticipation of the upcoming calls for tenders (2014-2019), the Authority, by Resolution No. 367/2014/R/gas, completed the *"Regulation of gas distribution and metering services rates for the 2014-2019 regulatory period for area concessions and other rate related provisions,"* introducing the last issues that had not been addressed further to Consultation No. 53/2014 and specifically regarding the rate components that should be applied subsequent to completion of area calls for tenders ("area concessions").

The abovementioned document significantly amended Resolution No. 573/2013 and its TUDG Annex (RTDG 2014/19).

The resolution also confirmed the differentiation in determining the amount at which net non-current assets are recognized for rate setting purposes, treating the cases in which the incoming operator is different from the outgoing operator differently from those in which the incoming and outgoing operator are the same ("asymmetric regulation").

By Resolution No. 310/2014/R/gas, entitled *"Provisions regarding the determination of the reimbursement value of natural gas distribution networks,"* the Authority implemented the findings of Consultation No. 178/2014 concerning the procedures and analysis methods to evaluate the differential between VIR and RAB, in implementation of the provisions of Decree Law No. 145/13 (Destination Italy).

Resolution No. 414/2014/R/gas introduced provisions concerning benchmark analyses for the purpose of verifying the differentials between VIR and RAB, as published in the Authority's website, and defines reference values for determining unit cost benchmarks that should be used in benchmark analyses for the purpose of verifying the differentials between VIR and RAB referred to Article 16, Section 1 of Resolution No. 310/2014/R/gas.

Redetermination of the CVbl fee (Resolution No. 372/2014/R/gas): The Authority, in implementation of Decision No. 1587/2014 by the Regional Administrative Court of Lombardy, effectively confirmed the current amount of the CVbl fee, keeping it at 0.1 €cent/Scm, both for prior periods (since October 2012) and for future months.

On this occasion, the Authority also published, as required by the abovementioned court decision, the report of the first investigative process launched with Resolution No. 144/2013/R/gas, after which it recomputed and confirmed the amount of the CVbl fee.

Issues Affecting Multiple Business Segments

"Let's Get Italy Growing" Decree Law: Decree Law No. 133 of September 12, 2014 *"Urgent measures to reactivate construction sites, build public works, computerize the country, simplify the bureaucracy, address the hydrogeological instability emergency and stimulate the resumption of production activities,"* also known as "Let's Get Italy Growing," was published on September 12, 2014 in the *Official Gazette of the Italian Republic,* General Series No. 212. This decree contains some provisions that are relevant to the Company, including Article 8, which calls for a reorganization and simplification of the provisions governing excavated soil and rocks, Article 22, which introduces amendments to the metrics of the thermal account, and Article 34, which introduces amendments to the Construction Projects Code that simplify the provisions concerning the environmental remediation and securing of contaminated sites.

Provisions of even greater relevance include Article 36, which introduces measures in favor of development programs by regional administrations for hydrocarbon exploration, and Article 37, which introduces certain amendments to provisions concerning natural gas infrastructures, for the purpose of establishing that pipelines to import gas from abroad, LNG regasification terminals, natural gas storage facilities and the infrastructures of the national natural gas transmission network, including the preparatory activities necessary to develop such projects and related works, are strategically important, are a national priority, are beneficial for the public good, cannot be postpones and are urgent. In addition, this Article provides investment incentive for the development of additional peak-period capacity by storage facilities starting in 2015.

In addition, Article 38 qualifies activities that involve hydrocarbon prospecting, exploration and production and the underground storage of natural gas as strategically important activities that are in the public interest, are urgent and cannot be postponed. Another change is the inclusion of onshore hydrocarbon prospecting, exploration and production activities among projects under the jurisdiction of the central government, subject to the Environmental Impact Assessment procedure and the conclusion of the procedures currently ongoing at the regional level. In addition, the decree establishes new principles for awarding mineral leases, with the aim of simplifying and reducing the time needed for issuing hydrocarbon exploration and production permits, calling for the issuance of a single concession granting document.

Lastly, the decree calls for incentivizing compensation to increase the response capacity of the national storage system under peak demand conditions, with the Authority empowered to define the modalities starting next year, taking into account "the specificities of these services and market conditions and prioritizing developments characterized by a high ratio between peak-period performance and storage volume.

The process of converting this decree into law is currently under way.

Energy Efficiency Legislative Decree: Legislative Decree No. 102 of July 4, 2014, which implements Directive No. 2012/27/EU on energy efficiency, which amended Directives No. 2009/125/EC and No. 2010/30/EU and repeals Directives No. 2004/8/EC and No. 2006/32/EC, was published on July 18, 2014 in the *Official Gazette of the Italian Republic,* General Series No. 165.

This decree sets forth a series of provisions aimed at promoting and improving energy efficiency that will contribute to the achievement of a national objective of energy savings of 20 MTEP in primary energy consumption (equal to 15.5 MTEP in final energy consumption) by 2020. This decree contains some provisions that are relevant to the Company, including:

- the white certificate mechanism is expected to generate energy savings equal to at least 60% of the national energy savings objective;
- in order to foster a more effective measurement of the consumption of electric power, gas, district heating and cooling and hot water for home use, the Authority will define the specifications for intelligent metering systems, which operators who provide metering services will be required to comply with;
- the Authority shall also intervene in regulating the billing and management of consumer metering data, in order to avoid duplications of activities and costs, using the Integrated Information System when necessary;
- the Authority shall regulate demand side access to and participation in balancing and reserve markets and other system services, defining the technical modalities with which the operators of the transmission and distribution systems will organize the participation of the suppliers of services and consumers;
- lastly, the decree introduces some new provisions concerning district heating and cooling and high-yield cogeneration.

Performance of the Group's Businesses

Electric Power

Quantitative Data

Sources

2013 full year(**)	GWh (*)	9 months 2014	9 months 2013(**)	% change	Q3 2014	Q3 2013(**)	% change
18,408	**Edison's production:**	**12,957**	**13,425**	***(3.5%)***	**4,485**	**4,440**	***1.0%***
13,503	*- Thermoelectric power plants*	*8,441*	*9,712*	*(13.1%)*	*2,816*	*3,211*	*(12.3%)*
4,029	*- Hydroelectric power plants*	*3,878*	*3,083*	*25.8%*	*1,511*	*1,103*	*36.9%*
876	*- Wind farms and other renewables*	*638*	*630*	*1.3%*	*158*	*126*	*25.9%*
53,721	**Other purchases (wholesalers, IPEX, etc.)(1)**	**58,476**	**40,688**	***43.7%***	**21,909**	**13,088**	***67.4%***
72,129	**Total sources in Italy**	**71,433**	**54,113**	***32.0%***	**26,394**	**17,528**	***50.6%***

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

(**) The data for 2013 were restated due to the adoption of IFRS 11 "Joint Arrangements" and a different presentation of Sources/Uses.

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

Uses

2013 full year(**)	GWh (*)	9 months 2014	9 months 2013(**)	% change	Q3 2014	Q3 2013(**)	% change
19,529	**End customers (1)**	**15,452**	**14,147**	***9.2%***	**5,100**	**4,760**	***7.1%***
52,600	**Other sales (wholesalers, IPEX, etc.)(2)**	**55,981**	**39,966**	**40.1%**	**21,294**	**12,768**	**66.8%**
72,129	**Total uses in Italy**	**71,433**	**54,113**	***32.0%***	**26,394**	**17,528**	***50.6%***

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

(**) The data for 2013 were restated due to the adoption of IFRS 11 "Joint Arrangements" and a different presentation of Sources/Uses.

(1) Before line losses

(2) Excluding the trading portfolio.

Financial Highlights

2013 full year(**)	(in millions of euros)	9 months 2014	9 months 2013(**)	% change	Q3 2014	Q3 2013(**)	% change
7,136	**Sales revenues**	**5,900**	**5,280**	***11.7%***	**1,889**	**1,737**	***8.8%***
656	Reported EBITDA	492	497	*(1.0%)*	136	155	*(12.3%)*
666	Adjusted EBITDA(1)	510	512	*(0.4%)*	146	159	*(8.2%)*
31	Capital expenditures	32	17	*88.2%*	16	6	*n.m.*
1,138	Number of employees (2)	1,102	1,158	*(3.2%)*			

(1) See note on page 8.

(2) End-of-period data. The changes are computed against the data at December 31, 2013.

(**) The data for 2013 were restated due to the adoption of IFRS 11 "Joint Arrangements."

Production and Sales

In 2014, the Group consolidated a business model that calls for the separation of power generation activities (thermoelectric and renewables), sales to the end-user market (business and retail), proprietary trading activities and buying and selling activities, aimed at implementing adequate segregation and risk hedging policies for the abovementioned portfolios and at maximizing their profitability through their optimization.
Within the framework of this model, the Group's net production in Italy totaled 4,485 GWh in the third quarter, virtually unchanged compared with the third quarter of 2013; more specifically, thermoelectric output was down 12.3%, 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 third quarter of 2014 (+36.9%), thanks to the extraordinary abundance of water resources that characterized Italy in the third quarter, and to increased production from wind farms and other renewable-source facilities (+25.9%), which made it possible to make up the shortfall of the first six months of the year.
Sales to end customers increased by more than 7% thanks to the acquisition of new customers in the business segment.
Other purchases and sales were up sharply in the third quarter of 2014, due to production facilities operating in bidding mode and through the balancing of the individual portfolios and the use of make-or-buy activities, which, by exploiting the flexibility of the Group's CCGT power plants, made it possible to reduce thermoelectric output (not competitive in the current market environment), choosing instead purchases on the IPEX and wholesale market.

Edison's net production in the first nine months of 2014 totaled 12,957 GWh (-3.5% compared with the first nine months of 2013), sales to end customers grew to 15,452 GWh (+9.2% compared with the first nine months of 2013) showing the same trend that characterized the third quarter.
The Group's total sales amounted to 71,433 GWh, for a gain of 32%.

Operating Performance

In the third quarter of 2014, revenues totaled 1,889 million euros, or 8.8% more than in the same period last year, 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.
The electric power operations were again able to report relatively strong adjusted EBITDA of 146 million euros in the third quarter (159 million euros in the third quarter of 2013), thanks to an abundance of water resources that boosted hydroelectric production to a level that was significantly above average and even surpassed last year's already positive results.

Cumulative sales revenues for the first nine months of 2014 amounted to 5,900 million euros, up 11.7% compared with the same period in 2013, thanks to an increase in sales volumes more than offset the impact of lower average sales prices (TWA PUN scenario -20% compared with the same period in 2013).
Within the context of an electric power market that continues to be particularly challenging, with a further reduction both of spreads and consumption, the adjusted EBITDA for the first nine month of 2014 totaled

510 million euros, substantially in line with the amount earned in the same period in 2013 (512 million euros), thanks to the optimization of the portfolio of thermoelectric power plants in the different target markets (Day Ahead Market, Dispatching Services Market and forward markets), positive operating performances in the end customer sales segment and the abovementioned abundance of water resources.

Capital Investments

Capital expenditures totaled 16 million euros in the third quarter of 2014, bringing to 32 million euros the cumulative amount at September 30, 2014. Investment projects included about 8 million euros for a new wind farm in Baselice (BN), with minor additions and upgrades to hydroelectric and thermoelectric facilities in Italy accounting for the balance.

Hydrocarbons Operations

Quantitative Data

Sources of Natural Gas

2013 full year	Gas in millions of cubic meters	9 months 2014	9 months 2013	% change	Q3 2014	Q3 2013	% change
410	Production [1]	285	323	*(11.9%)*	118	93	*27.0%*
12,512	Imports (Pipeline + LNG)	7,109	9,621	*(26.1%)*	2,182	3,070	*(28.9%)*
3,078	Purchases	2,003	1,993	*0.5%*	733	941	*(22.1%)*
(341)	Change in stored gas inventory [2]	(130)	(320)	*(59.2%)*	(212)	(482)	*(56.0%)*
15,659	**Total sources**	**9,267**	**11,617**	***(20.2%)***	**2,821**	**3,622**	***(22.1%)***
1,799	**Production outside Italy** [3]	**1,314**	**1,356**	***(3.1%)***	**422**	**454**	***(7.1%)***

(1) Net of self-consumption and stated at Standard Calorific Power. It includes the production from the Izabela concession in Croatia imported into Italy.

(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

2013 full year	Gas in millions of cubic meters	9 months 2014	9 months 2013	% change	Q3 2014	Q3 2013	% change
2,737	Residential use	1,486	1,867	*(20.4%)*	135	184	*(26.7%)*
2,707	Industrial use	2,497	1,932	*29.3%*	820	630	*30.2%*
6,578	Thermoelectric fuel use	3,186	4,908	*(35.1%)*	1,122	1,792	*(37.4%)*
3,637	Other sales	2,098	2,910	*(27.9%)*	744	1,016	*(26.7%)*
15,659	**Total uses**	**9,267**	**11,617**	***(20.2%)***	**2,821**	**3,622**	***(22.1%)***
1,799	**Sales of production outside Italy**[1]	**1,314**	**1,356**	***(3.1%)***	**422**	**454**	***(7.1%)***

(1) Counting volumes withheld as production tax.

Crude Oil Production

2013 full year	in thousands of barrels	9 months 2014	9 months 2013	% change	Q3 2014	Q3 2013	% change
1,940	Production in Italy	1,906	1,260	*51.2%*	716	556	*28.7%*
1,640	Production outside Italy [1]	1,169	1,265	*(7.6%)*	369	419	*(11.8%)*
3,580	**Total production**	**3,075**	**2,525**	***21.8%***	**1,085**	**975**	***11.3%***

(1) Counting volumes withheld as production tax.

Financial Highlights

2013 full year (*)	(in millions of euros)	9 months 2014	9 months 2013 (*)	% change	Q3 2014	Q3 2013 (*)	% change
5,870	**Sales revenues**	**3,405**	**4,346**	***(21.7%)***	**981**	**1,299**	***(24.5%)***
425	Reported EBITDA	251	388	*(35.3%)*	125	27	***n.m.***
415	Adjusted EBITDA [1]	233	373	*(37.5%)*	115	23	***n.m.***
135	Capital expenditures	165	93	*77.4%*	70	28	*n.m.*
92	Investments in exploration	46	44	*4.5%*	16	16	-
1,415	Number of employees [2]	1,410	1,414	*(0.3%)*			

(1) See note on page 8.

(2) End-of-period data. The changes are computed against the data at December 31, 2013.

(*) The data for 2013 were restated due to the adoption of IFRS 11 "Joint Arrangements."

Production and Procurement

Production of natural gas, counting the combined output of the Italian and international operations, totaled 540 million cubic meters in the third quarter of 2014, for a decrease of 1.3% compared with the same period in 2013. Production sold in Italy was up 27%, thanks to the start of production from the Izabela field in Croatia, which was imported into Italy and more than offset the natural decline of production curves for some fields. Outside Italy, production decreased by 7.1%, reflecting the normal depletion of the Egyptian concessions, offset in part by the contribution of fields in Great Britain acquired in October 2013.
Production of crude oil totaled 1,085,000 barrels, up from 975,000 barrels in the third quarter of 2013, with output in Italy increasing mainly due to production from the Tresauro field following the development activities completed the previous year, which more than offset a shortfall in production abroad.
Cumulative production of natural gas for the first nine months of the year totaled 285 million cubic meters in Italy and 1,314 million cubic meters abroad, for an overall decline of 4.8% due to the depletion issues mentioned above.
Crude oil output grew to 3,075,000 barrels, up from 2,525,000 barrels in the same period last year. This gain reflects an increase in production from the Tresauro field, due to the reasons mentioned above, and the restart of the Rospo field, which was offline for maintenance in the first half of 2013.
Gas imports decreased by about 26% to a total of about 7.1 billion cubic meters, due to reduced demand from residential and thermoelectric users.

Sales and Marketing

In Italy, uses of natural gas declined to 2,821 million cubic meters in the third quarter of 2014, for a reduction of 22,1% compared with the same period last year, mainly due to a reduction in thermoelectric uses (-37.4%).

Cumulative data for the first nine months of the year show that sales to residential users were down by 20.4%, reflecting the impact of weather dynamics in the first half of the year, and deliveries to thermoelectric users decreased by 35.1%, due to lower gas consumption by the Group's thermoelectric power plants, which, as mentioned above, were adversely affected by a contraction in national demand and an increase in output by renewable-source facilities. On the other hand, sales to industrial users grew by about 565 million cubic meters (+29.3%) thanks to the acquisition of new customers.

Operating Performance

In the third quarter of 2014, sales revenues amounted to 981 million euros, or 24.5% less than in the third quarter of 2013, due mainly to decreases both in sales volumes and in average sales prices that reflect the impact of a significant decline in the benchmark scenario. Both trends are also reflected in the cumulative data for the first nine months of 2014, with sales revenues contracting to 3,405 million euros, down 21.7% compared with the same period in 2013.

Adjusted EBITDA rose to 115 million euros in the third quarter of 2014, for an increase of 92 million euros compared with the adjusted EBITDA reported in the third quarter of 2013, thanks to the contribution of extraordinary items related to the price revision for the long-term natural gas procurement contract resulting from the conclusion of arbitration with Promgas on August 29, 2014.

Adjusted EBITDA for the first nine months of 2014, which totaled 233 million euros, or 140 million euros less than in the same period last year, reflect the combined impact of the adjusted EBITDA of the Exploration and Production activities (318 million euros compared with 333 million euros in the first nine months of 2013) and the EBITDA of the regulated gas infrastructures, offset in part by the loss incurred by the activities engaged in buying and selling natural gas, which continue to experience negative average unit sales margins. For this reason, 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.

When performing year-over-year comparisons, it is important to keep in mind that in the first nine months of 2013 the results of the activities engaged in buying and selling natural gas were boosted to a significant extent by the renegotiation of the contracts for the supply of natural gas from Algeria and Qatar and the related lump-sum payment for previous years.

Capital Investments

In the third quarter of 2014, capital investments totaled 70 million euros, bringing the total at September 30, 2014 to 165 million euros.

The main investments in Italy included 39 million euros to develop the Fauzia field, 11 million euros to develop the Clara Northwest field and 19 million euros and 7 million euros for sidetrack drilling activities at the Clara East and Regina field, respectively.

Investment projects outside Italy focused on the Zidane concession in Norway (8 million euros) and construction of the Polarled pipeline that will link Zidane with the mainland (13 million euros), development of the Reggane concession in Algeria (11 million euros) and concessions in Egypt for most of the balance.

Exploration Activities

In the third quarter of 2014, the Group invested 16 million euros in exploration activities. A total of about 46 million euros was invested during the first nine months of 2014, including 20 million euros in Norway (mainly to drill the Pengvin, Tvilling and Skarfjell South wells), 13 million euros in Great Britain (for exploration activities in the Handcross concession) and 9 million euros in the Falkland Islands (for hydrocarbon exploration activities in the southern area).

Corporate Activities and Other Segments

Financial Highlights

2013 full year (*)	(in millions of euros)	9 months 2014	9 months 2013 (*)	% change	Q3 2014	Q3 2013 (*)	% change
52	**Sales revenues**	**35**	**37**	***(5.4%)***	**12**	**13**	*(7.7%)*
(111)	EBITDA	(91)	(69)	*n.m.*	(32)	(21)	*n.m.*
n.m.		*n.m.*	*n.m.*				
5	Capital expenditures	1	2	*50.0%*	-	1	-
630	Number of employees (1)	634	629	*0.6%*			

(1) End-of-period data. The changes are computed against the data at December 31, 2013.

(*) The data for 2013 were restated due to the adoption of IFRS 11 "Joint Arrangements."

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 for the third quarter and the first nine months of 2014 were about the same as in the corresponding periods last year. The deterioration in EBITDA, which were negative by 32 million euros in the third quarter and by 91 million euros for the first nine months of the year, reflects a different phasing in of overhead that will be evened out by the end of the year and several extraordinary items.

Risks and Uncertainties

Please consult the "Group Financial Risk Management" section of the Review of the Group's Operating Performance and Financial Results, which explains the risk management activities of the Edison Group.

Other Information

Related-party Transactions

In the Review of the Group's Operating Performance, Financial Results and Financial Position, please consult the chapter of the Other Information section entitled "Intercompany and Related-Party Transactions," which provides information on material transactions with related parties.

Other Information

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.

REVIEW OF THE GROUP'S OPERATING PERFORMANCE AND FINANCIAL RESULTS

at September 30, 2014

EDISON

Income Statement

2013 full year (*)	of which related parties	(in millions of euros)	See Note	9 months 2014	of which related parties	9 months 2013 (*)	of which related parties	3rd quarter 2014	3rd quarter 2013 (*)
12,150	495	Sales revenues	*1*	8,794	240	8,994	322	2,702	2,834
709	4	Other revenues and income	*2*	470	35	578	5	194	111
12,859	**499**	**Total net revenues**		**9,264**	**275**	**9,572**	**327**	**2,896**	**2,945**
(11,666)	(323)	Raw materials and services used (-)	*3*	(8,450)	(223)	(8,594)	(203)	(2,616)	(2,731)
(223)		Labor costs (-)	*4*	(162)		(162)		(51)	(53)
970		**EBITDA**	*5*	**652**		**816**		**229**	**161**
(9)		Net change in fair value of commodity derivatives	*6*	120		(9)		(37)	9
(636)		Depreciation, amortization and writedowns (-)	*7*	(370)		(408)		(123)	(122)
325		**EBIT**		**402**		**399**		**69**	**48**
(112)	(16)	Net financial income (expense)	*8*	(99)	(13)	(71)	(1)	(17)	(32)
8	5	Income from (Expense on) equity investments	*9*	11	7	5	3	4	4
(4)		Other income (expense), net	*10*	(15)		(27)		(6)	-
217		**Profit (Loss) before taxes**		**299**		**306**		**50**	**20**
(119)		Income taxes	*11*	(106)		(132)		19	9
98		**Profit (Loss) from continuing operations**		**193**		**174**		**69**	**29**
-		Profit (Loss) from discontinued operations		-		-		-	
98		**Profit (Loss)**		**193**		**174**		**69**	**29**
		Broken down as follows:							
2		Minority interest in profit (loss)		16		-		8	7
96		**Group interest in profit (loss)**		**177**		**174**		**61**	**22**
		Earnings (Loss) per share (in euros)	*12*						
0.0175		Basic earnings (loss) per common share		0.0329		0.0323			
0.0475		Basic earnings per savings share		0.0629		0.0623			
0.0175		Diluted earnings (loss) per common share		0.0329		0.0323			
0.0475		Diluted earnings per savings share		0.0629		0.0623			

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

Other Components of the Comprehensive Income Statement

2013 full year (*)	(in millions of euros)	See Note	9 months 2014	9 months 2013 (*)	3rd quarter 2014	3rd quarter 2013 (*)
98	**Profit (Loss)**		**193**	**174**	**69**	**29**
	Othe components of comprehensive income:					
16	**A) Change in the Cash Flow Hedge reserve**	*23*	**90**	**(10)**	**(34)**	**3**
31	- Gains (Losses) arising during the period		126	(14)	(51)	8
(15)	- Income taxes		(36)	4	17	(5)
(4)	**B) Change in reserve for available-for-sale investments**	*23*	**-**	**(4)**	**-**	**-**
(4)	- Gains (Losses) arising during the period not realized		-	(4)	-	-
-	- Income taxes		-	-	-	-
(12)	**C) Differences on the translation of assets in foreign currencies**		**29**	**(11)**	**21**	**(11)**
(17)	- Gains (Losses) arising during the period not realized		41	(15)	31	(15)
5	- Income taxes		(12)	4	(10)	4
-	**D) Pro rata interest in other components of comprehensive income of investee companies**		-	-	-	-
(1)	**E) Actuarial Gains (Losses) (**)**		**-**	**(2)**	**-**	**-**
(1)	- Actuarial Gains (Losses)		-	(2)	-	-
-	- Income taxes		-	-	-	-
(1)	**Total other components of comprehensive income net of taxes (A+B+C+D+E)**		**119**	**(27)**	**(13)**	**(8)**
97	**Total comprehensive profit (loss)**		**312**	**147**	**56**	**21**
	Broken down as follows:					
2	Minority interest in comprehensive profit (loss)		16	-	8	7
95	**Group interest in comprehensive profit (loss)**		**296**	**147**	**48**	**14**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".
(**) Items not reclassifiable in Income Statement.

Balance Sheet

01.01.2013 (*)	of which related parties	(in millions of euros)	See Note	09.30.2014	of which related parties	12.31.2013 (*)	of which related parties
		ASSETS					
4,571		Property, plant and equipment	*13*	4,254		4,344	
9		Investment property	*14*	6		6	
3,231		Goodwill	*15*	3,231		3,231	
948		Hydrocarbon concessions	*16*	803		860	
103		Other intangible assets	*17*	118		114	
150	150	Investments in associates	*18*	148	148	144	144
194		Available-for-sale investments	*18*	177		183	
12	7	Other financial assets	*19*	39	5	106	90
136		Deferred-tax assets	*20*	294		236	
108		Other assets	*21*	171		189	
9,462		**Total non-current assets**		**9,241**		**9,413**	
386		Inventories		624		486	
3,293	53	Trade receivables		2,718	76	3,098	120
25		Current-tax assets		25		24	
543	84	Other receivables		997	176	653	96
180	83	Current financial assets		156	86	77	6
735		Cash and cash equivalents		407	145	492	245
5,162		**Total current assets**	*22*	**4,927**		**4,830**	
1		**Assets held for sale**		**-**		**-**	
-		**Eliminations of assets from and to discontinued operations**		**-**		**-**	
14,625		**Total assets**		**14,168**		**14,243**	
		LIABILITIES AND SHAREHOLDERS' EQUITY					
5,292		Share capital		5,292		5,292	
1,693		Reserves and retained earnings (loss carryforward)		1,787		1,750	
(11)		Reserve for other components of comprehensive income		107		(12)	
81		Group interest in profit (loss)		177		96	
7,055		**Total shareholders' equity attributable to Parent Company shareholders**		**7,363**		**7,126**	
119		Shareholders' equity attributable to minority shareholders		123		113	
7,174		**Total shareholders' equity**	*23*	**7,486**		**7,239**	
35		Provision for employee severance indemnities and provisions for pensions	*24*	35		35	
53		Provision for deferred taxes	*25*	82		64	
853		Provisions for risks and charges	*26*	922		901	
1,796		Bonds	*27*	598		1,098	
151		Long-term financial debt and other financial liabilities	*28*	1,014	796	972	795
29		Other liabilities	*29*	6		5	
2,917		**Total non-current liabilities**		**2,657**		**3,075**	
104		Bonds		569		772	
1,379	16	Short-term financial debt		527	377	268	22
2,354	80	Trade payables		2,133	70	2,177	92
10		Current taxes payable		29		42	
687	124	Other liabilities		767	217	670	111
4,534		**Total current liabilities**	*30*	**4,025**		**3,929**	
-		**Liabilities held for sale**		**-**		**-**	
-		**Eliminations of liabilities from and to discontinued operations**		**-**		**-**	
14,625		**Total liabilities and shareholders' equity**		**14,168**		**14,243**	

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

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 nine months of 2014. 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.

2013 full year (*)		(in millions of euros)		9 months 2014		9 months 2013 (*)	
	of which related parties		*See Note*		**of which related parties**		of which related parties
217		**Profit (Loss) before taxes**		**299**		**306**	
636		Depreciation, amortization and writedowns	*7*	370		408	
(44)		Net additions to provisions for risks		(5)		(44)	
(5)	(5)	Interest in the result of companies valued by the equity method (-)		(7)	(7)	(3)	(3)
5	5	Dividends received from companies valued by the equity method		3	3	3	3
(21)		(Gains) Losses on the sale of non-current assets		(6)		-	
(2)		Change in the provision for employee severance indemnities and provisions for pensions	*24*	-		(2)	
(2)		Change in fair value recorded in EBIT		(114)		(4)	
(82)	(55)	Change in operating working capital		198	22	157	(67)
(119)	(25)	Change in other operating assets and liabilities		47	26	(388)	2
113	13	Financial (income) expense	*8*	96	14	80	8
(95)	(7)	Net financial expense paid		(99)	(7)	(86)	3
(220)		Income taxes paid		(188)		(136)	
381		**A. Cash flow from continuing operations**		**594**		**291**	
(263)		Additions to intangibles and property, plant and equipment (-)	*13-17*	(244)		(156)	
(4)		Additions to non-current financial assets (-)		-		(4)	
(56)	(56)	Net price paid on business combinations (-)		-		-	
8		Proceeds from the sale of intangibles and property, plant and equipment		32		5	
-		Proceeds from the sale of non-current financial assets		-		-	
7		Repayment of capital contribution by non-current financial assets		5		5	
24		Change in other current financial assets		(4)		14	
(284)		**B. Cash used in investing activities from continuing operations**		**(211)**		**(136)**	
1.796	1.343	Receipt of new medium-term and long-term loans	*27,28,30*	350	350	1.547	1.193
(2.079)	(550)	Redemption of medium-term and long-term loans (-)	*27,28,30*	(713)		(1.719)	(200)
(37)		Change in short-term net financial debt		(39)		(63)	
-		Distribution of shareholders' equity and reserves (-)		-		-	
(20)		Dividends paid to controlling companies or minority shareholders (-)		(66)		(20)	
(340)		**C. Cash used in financing activities from continuing operations**		**(468)**		**(255)**	
-		**D. Net currency translation differences**		**-**		**-**	
(243)		**E. Net cash flow for the period from continuing operations (A+B+C+D)**		**(85)**		**(100)**	
-		**F. Net cash flow for the period from discontinued operations**		**-**		**-**	
(243)		**G. Net cash flow for the period (continuing and discontinued operations) (E+F)**		**(85)**		**(100)**	
735		**H. Cash and cash equivalents at the beginning of the year from continuing operations**		**492**		**735**	
-		**I. Cash and cash equivalents at the beginning of the year from discontinued operations**		**-**		**-**	
492	245	**L. Cash and cash equivalents at the end of the period (continuing and discontinued operations) (G+H+I)**		**407**	145	**635**	181
-		**M. Cash and cash equivalents at the end of the period from discontinued operations**		**-**		**-**	
492	245	**N. Cash and cash equivalents at the end of the period from continuing operations (L-M)**		**407**	145	**635**	181

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

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: Cash Flow Hedge reserve	Reserve for other components of comprehensive income: Reserve for available-for-sale investments	Reserve for other components of comprehensive income: Differences on the translation of assets in foreign currencies	Reserve for other components of comprehensive income: Interest in other components of comprehensive income of investee companies	Reserve for other components of comprehensive income: Actuarial gains (losses)	Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders (*)	Total shareholders' Equity (*)
Balance at January 1, 2013	**5,292**	**1,693**	**(16)**	**4**	**1**	**-**	**-**	**81**	**7,055**	**119**	**7,174**
Appropriation of the previous year's profit (loss)	-	81	-	-	-	-	-	(81)	-	-	-
Dividends and reserves distributed	-	(17)	-	-	-	-	-	-	*(17)*	(7)	*(24)*
Other changes	-	(5)	-	-	-	-	-	-	*(5)*	-	*(5)*
Total comprehensive profit (loss)	-	-	(10)	(4)	(11)	-	(2)	174	*147*	-	*147*
of which:											
- Change in comprehensive income for the period	-	-	(10)	(4)	(11)	-	(2)	-	*(27)*	-	*(27)*
- Profit (Loss) at 09.30.2013	-	-	-	-	-	-	-	174	*174*	-	*174*
Balance at September 30, 2013	**5,292**	**1,752**	**(26)**	**-**	**(10)**	**-**	**(2)**	**174**	**7,180**	**112**	**7,292**
Other changes	-	(2)	-	-	-	-	-	-	*(2)*	(2)	*(4)*
Total comprehensive profit (loss)	-	-	26	-	(1)	-	1	(78)	*(52)*	3	*(49)*
of which:											
- Change in comprehensive income for the period	-	-	26	-	(1)	-	1	-	*26*	-	*26*
- Profit (Loss) from 10.01.2013 to 12.31.2013	-	-	-	-	-	-	-	(78)	*(78)*	3	*(75)*
Balance at December 31, 2013	**5,292**	**1,750**	**-**	**-**	**(11)**	**-**	**(1)**	**96**	**7,126**	**113**	**7,239**
Appropriation of the previous year's profit (loss)	-	96	-	-	-	-	-	(96)	-	-	-
Dividends and reserves distributed	-	(63)	-	-	-	-	-	-	*(63)*	(7)	*(70)*
Other changes	-	4	-	-	-	-	-	-	*4*	1	*5*
Total comprehensive profit (loss)	-	-	90	-	29	-	-	177	*296*	16	*312*
of which:											
- Change in comprehensive income for the period	-	-	90	-	29	-	-	-	*119*	-	*119*
- Profit (Loss) at 09.30.2014	-	-	-	-	-	-	-	177	*177*	16	*193*
Balance at September 30, 2014	**5,292**	**1,787**	**90**	**-**	**18**	**-**	**(1)**	**177**	**7,363**	**123**	**7,486**

(*) The amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

NOTES TO THE QUARTERLY REPORT AT SEPTEMBER 30, 2014

ACCOUNTING PRINCIPLES AND CONSOLIDATION CRITERIA

Content and Presentation

The Edison Group's Quarterly Report at September 30, 2014 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 Financial Statements

Please note that the international accounting principles are consistent with those used for the Consolidated Financial Statements at December 31, 2013, and that the following amendments and interpretations are applicable starting in 2014:

- **IFRS 10 "Consolidated Financial Statements"**: the new standard partially replaces IAS 27 and the interpretation SIC 12, providing a new unified definition of control for the consolidation of entities. An investor company has control over another company when it has concurrently the power to direct the investee company's relevant decisions, it is exposed to its future performance and can use its power to influence the performance of the investee company. This standard did not have any impact on the Group's scope of consolidation;
- **IFRS 11 "Joint Arrangements"**: substitutes the IAS 31 "Interests in Joint Ventures" and it is applicable to all the companies that are parties to agreements through which two or more parties that share control through unanimous consent, have the power to direct the relevant decisions and govern the exposure to future performances. Two types of agreements are identified:
    - **Joint operation**: the participant to this agreement accounts for its share of assets, liabilities and revenues and costs in its financial statements;
    - **Joint venture**: the contractual agreement is managed by means of a company and the participant in the agreement has only the right to the net cash flows resulting from the business activity. The interest in the joint venture is valued by the equity method.

  The standard, applied retrospectively, results in the deconsolidation of some joint entity belonging both to the Electric Power Operations and to the Hydrocarbon Operations. The impact on the previous year's Income Statement, Balance Sheet and Cash Flow Statement data is shown in the Comparability section, later in these Notes. Within these Notes, the amounts for the previous year have been restated as a result of the adoption of this principle and thus are consistent with those for 2014.

- **IFRS 12 “Disclosure of Interests in Other Entities”**: it combines into a single standard the disclosure requirements regarding subsidiaries, joint arrangements and associates, in order to specify the assumptions relevant to the determination of the investments in associates as above.
- **IAS 27 revised “Separated financial Statements”**: this standard was revised following the introduction of IFRS 10 and provides a comprehensive guide focused only on the preparation of separate financial statements;
- **IAS 28 revised “Investments in Associates and Joint Ventures”**: it reflects the changes in the classification of joint arrangement introduced by IFRS 11 and extends to joint ventures the implementation of the equity method;
- **IAS 32 revised "Financial Instruments: Presentation"**: it introduces an application guide on the subject of offsetting agreements that clarifies the requirements for offsetting financial assets and liabilities in cases in which they were entered into netting agreements;
- **IAS 36 revised “Impairment of Assets”**: this standard includes the requirements of IFRS 13, introducing additional disclosures in cases where a loss is recognized or derecognized and the recoverable amount of the assets or of the Cash Generating Unit corresponds to the fair value net of costs to sell;
- **IAS 39 revised “Financial Instruments: Recognition and Measurement”**: these changes allow a continuation of hedge accounting of derivatives that are designated as such in the event that they are the subject of novation as a result of legislation or regulations (i.e. EMIR). This principle does not apply to Edison group at this time.

An amendment to **IFRS 10**, **IFRS 12** and **IAS 27** concerning investment companies that are required to measure subsidiaries at fair value through profit or loss rather than consolidate them is also applicable as of January 1, 2014. Parent companies of investment companies continue to consolidate their subsidiaries. This amendment does not apply to Edison group.

Moreover a new interpretation **IFRIC 21** ”Levies” will be applicable retrospectively starting in 2015. This new interpretation sets forth the criteria applicable to determine when liabilities for levies should be recognized in the financial statements. These liabilities can be recognized either gradually or in a lump sum upon the occurrence of the obligating event. Currently no significant impacts are expected on the Group’s financial statements.

Use of Estimated Values

The preparation of the Edison Group's Quarterly Report at September 30, 2014 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" (Note 18), in the Consolidated Financial Statements at December 31, 2013.
- Valuation of derivatives and financial instruments in general. Please refers to the Consolidated Financial Statements at December 31, 2013, 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 Risk 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 Board of Directors, meeting on November 12, 2014, authorized the publication of the Edison's Group Quarterly Report, which is not subject to audit.

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

Significant assumptions in determining control in accordance with IFRS 12

For consolidation purposes, Edison determined that it met the requirements of IFRS 10. More specifically, the Group consolidates two companies, Hydros (owned at 40%) and Dolomiti Edison Energy (owned at 49%). The purpose of these two companies and the manner in which they were established ensure that the voting rights are not the dominant factor in determining control, as they concern only current activities of a residual nature. Significant activities are directed through contractual agreements. These agreements expose Edison to the majority of the variables returns and give it the power to influence the returns through the management of the significant activities (in particular, the management, withdrawal at predetermined prices and dispatching of electric power).

Changes in the Scope of Consolidation Compared with December 31, 2013

The changes in the Group's scope of consolidation that occurred in the first nine months of 2014 mainly concerned the adoption of IFRS 11 "Joint Arrangements". This change affected some entities previously consolidated by the proportional method, for which, starting on January 1, 2014, the equity interest held is valued by the equity method. The companies affected are listed below, showing the respective business segment:

Electric Power Operations:

- Elpedison Power Sa consolidated at 50% with Group interest at 37.89%;
- Elpedison Energy Sa consolidated at 50%;
- Sel Edison Spa consolidated at 42%;
- Ibiritermo Sa consolidated at 50%;
- Parco Eolico Castelnuovo Srl consolidated at 50%;

Hydrocarbon Operations:

- Ed-Ina D.o.o. consolidated at 50%;
- IGI Poseidon Sa consolidated at 50%;
- ICGB AD consolidated at 25%;
- Abu Qir Petroleum Company consolidated at 50%;
- Fayoum Petroleum Co – Petrofayoum consolidated at 30%.

More specifically, with regard to the operating companies Abu Qir Petroleum Company and Fayoum Petroleum Co - Petrofayoum, which act in the capacity as agents of Edison International Spa, please note that the transactions executed on behalf of Edison International Spa pursuant to the Concession Agreements continue to be consolidated by the proportional method directly in the separated financial statements of this company.

Corporate:

- Elpedison Bv consolidated at 50%.

It is worth of mentioning that the other changes occurred are the following:

- **D.S. Smith Paper Italia Srl**, a wholly owned subsidiary of Edison Spa consolidated line by line, to which the Porcari thermoelectric power plant was conveyed at the beginning of 2014, **was divested** in February. This disposal generated a gain of 6 million euros and proceeds of 31 million euros;
- In June **the Società Idroelettrica Calabrese Srl was acquired** by Edison Spa: it is owned at 100% and consolidated line by line;
- In July **the establishment of the company Energy O&M Solution Srl**, owned at 100% by Edison Spa, operating in the wind energy sector and consolidated line by line;
- In September, the change of name of Edison Energie Speciali Sicilia Srl, 100% owned and consolidated line by line, now called Edison Partecipazioni Energie Rinnovabili Srl;
- Always in September, the **liquidation of the company Edison Gas and Power Romania Srl**, previously owned at 100% and consolidated line by line.

Comparability

As mentioned above, as of January 1, 2014, further to the adoption of the accounting principle IFRS 11 "Joint Arrangements", certain companies previously consolidated by the proportional method are valued by the equity method. The comparative data for the previous periods were restated in accordance with the new principle, consistent with the data for 2014 according to IAS 1.

For the sake of greater clarity, the tables that follow show the effects of these restatements on the:

- Income Statement for the first nine months of 2013 and 2013 full year;
- Balance Sheet at January 1, 2013 and at December 31, 2013;
- Balance Sheet at September 30, 2013;
- Cash Flow Statement for the first nine months of 2013 and 2013 full year.

Income Statement for the first nine months of 2013 and 2013 full year

2013 Published	IFRS 11	2013 Restated	(in millions of euros)	9 months 2013 Published	IFRS 11	9 months 2013 Restated
12,335	(185)	12,150	Sales revenues	9,136	(142)	8,994
715	(6)	709	Other revenues and income	580	(2)	578
13,050	**(191)**	**12,859**	**Total net revenues**	**9,716**	**(144)**	**9,572**
(11,815)	149	(11,666)	Raw materials and services used (-)	(8,709)	115	(8,594)
(226)	3	(223)	Labor costs (-)	(164)	2	(162)
1,009	**(39)**	**970**	**EBITDA**	**843**	**(27)**	**816**
(9)	-	(9)	Net change in fair value of commodity derivatives	(9)	-	(9)
(656)	20	(636)	Depreciation, amortization and writedowns (-)	(423)	15	(408)
344	**(19)**	**325**	**EBIT**	**411**	**(12)**	**399**
(115)	3	(112)	Net financial income (expense)	(74)	3	(71)
3	5	8	Income from (Expense on) equity investments	2	3	5
(4)	-	(4)	Other income (expense), net	(27)	-	(27)
228	**(11)**	**217**	**Profit (Loss) before taxes**	**312**	**(6)**	**306**
(130)	11	(119)	Income taxes	(138)	6	(132)
98	**-**	**98**	**Profit (Loss) from continuing operations**	**174**	**-**	**174**
-	-	-	Profit (Loss) from discontinued operations	-	-	-
98	**-**	**98**	**Profit (Loss)**	**174**	**-**	**174**
			Broken down as follows:			
2	-	2	Minority interest in profit (loss)	-	-	-
96	**-**	**96**	**Group interest in profit (loss)**	**174**	**-**	**174**
			Earnings (Loss) per share (in euros)			
0.0175		0.0175	Basic earnings (loss) per common share	0.0323		0.0323
0.0475		0.0475	Basic earnings per savings share	0.0623		0.0623
0.0175		0.0175	Diluted earnings (loss) per common share	0.0323		0.0323
0.0475		0.0475	Diluted earnings per savings share	0.0623		0.0623

Balance Sheet at January 1, 2013 and at December 31, 2013

01.01.2013				12.31.2013		
Published	IFRS 11	Restated	(in millions of euros)	Published	IFRS 11	Restated
			ASSETS			
4,786	(215)	4,571	Property, plant and equipment	4,548	(204)	4,344
9	-	9	Investment property	6	-	6
3,231	-	3,231	Goodwill	3,231	-	3,231
948	-	948	Hydrocarbon concessions	860	-	860
105	(2)	103	Other intangible assets	115	(1)	114
51	99	150	Investments in associates	51	93	144
194	-	194	Available-for-sale investments	183	-	183
75	(63)	12	Other financial assets	74	32	106
145	(9)	136	Deferred-tax assets	245	(9)	236
108	-	108	Other assets	189	-	189
9,652	**(190)**	**9,462**	**Total non-current assets**	**9,502**	**(89)**	**9,413**
390	(4)	386	Inventories	489	(3)	486
3,391	(98)	3,293	Trade receivables	3,176	(78)	3,098
25	-	25	Current-tax assets	26	(2)	24
562	(19)	543	Other receivables	664	(11)	653
99	81	180	Current financial assets	75	2	77
753	(18)	735	Cash and cash equivalents	506	(14)	492
5,220	**(58)**	**5,162**	**Total current assets**	**4,936**	**(106)**	**4,830**
1	**-**	**1**	**Assets held for sale**	**-**	**-**	**-**
14,873	**(248)**	**14,625**	**Total assets**	**14,438**	**(195)**	**14,243**
			LIABILITIES AND SHAREHOLDERS' EQUITY			
5,292	-	5,292	Share capital	5,292	-	5,292
1,693	-	1,693	Reserves and retained earnings (loss carryforward)	1,750	-	1,750
(11)	-	(11)	Reserve for other components of comprehensive income	(12)	-	(12)
81	-	81	Group interest in profit (loss)	96	-	96
7,055	**-**	**7,055**	**Total shareholders' equity attributable to Parent Company shareholders**	**7,126**	**-**	**7,126**
132	(13)	119	Shareholders' equity attributable to minority shareholders	126	(13)	113
7,187	**(13)**	**7,174**	**Total shareholders' equity**	**7,252**	**(13)**	**7,239**
35	-	35	Provision for employee severance indemnities and provisions for pensions	36	(1)	35
79	(26)	53	Provision for deferred taxes	90	(26)	64
863	(10)	853	Provisions for risks and charges	903	(2)	901
1,796	-	1,796	Bonds	1,098	-	1,098
174	(23)	151	Long-term financial debt and other financial liabilities	1,035	(63)	972
31	(2)	29	Other liabilities	7	(2)	5
2,978	**(61)**	**2,917**	**Total non-current liabilities**	**3,169**	**(94)**	**3,075**
104	-	104	Bonds	772	-	772
1,461	(82)	1,379	Short-term financial debt	282	(14)	268
2,440	(86)	2,354	Trade payables	2,240	(63)	2,177
11	(1)	10	Current taxes payable	43	(1)	42
692	(5)	687	Other liabilities	680	(10)	670
4,708	**(174)**	**4,534**	**Total current liabilities**	**4,017**	**(88)**	**3,929**
-	**-**	**-**	**Liabilities held for sale**	**-**	**-**	**-**
14,873	**(248)**	**14,625**	**Total liabilities and shareholders' equity**	**14,438**	**(195)**	**14,243**

Balance Sheet at September 30, 2013

	09.30.2013		
(in millions of euros)	Published	IFRS 11	Restated
ASSETS			
Property, plant and equipment	4,603	(206)	4,397
Investment property	6	-	6
Goodwill	3,231	-	3,231
Hydrocarbon concessions	885	-	885
Other intangible assets	107	(2)	105
Investments in associates	51	95	146
Available-for-sale investments	185	-	185
Other financial assets	75	(55)	20
Deferred-tax assets	177	(11)	166
Other assets	464	(1)	463
Total non-current assets	**9,784**	**(180)**	**9,604**
Inventories	500	(4)	496
Trade receivables	3,082	(80)	3,002
Current-tax assets	14	-	14
Other receivables	521	(15)	506
Current financial assets	85	110	195
Cash and cash equivalents	653	(18)	635
Total current assets	**4,855**	**(7)**	**4,848**
Assets held for sale	-	-	-
Eliminations of assets from and to discontinued operations	-	-	-
Total assets	**14,639**	**(187)**	**14,452**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	5,292	-	5,292
Reserves and retained earnings (loss carryforward)	1,752	-	1,752
Reserve for other components of comprehensive income	(38)	-	(38)
Group interest in profit (loss)	174	-	174
Total shareholders' equity attributable to Parent Company	**7,180**	**-**	**7,180**
Shareholders' equity attributable to minority shareholders	125	(13)	112
Total shareholders' equity	**7,305**	**(13)**	**7,292**
Provision for employee severance indemnities and provisions for	36	-	36
Provision for deferred taxes	74	(25)	49
Provisions for risks and charges	852	(6)	846
Bonds	1,097	-	1,097
Long-term financial debt and other financial liabilities	1,085	(13)	1,072
Other liabilities	31	(1)	30
Total non-current liabilities	**3,175**	**(45)**	**3,130**
Bonds	783	-	783
Short-term financial debt	287	(44)	243
Trade payables	2,400	(70)	2,330
Current taxes payable	51	(2)	49
Other liabilities	638	(13)	625
Total current liabilities	**4,159**	**(129)**	**4,030**
Liabilities held for sale	-	-	-
Eliminations of liabilities from and to discontinued operations	-	-	-
Total liabilities and shareholders' equity	**14,639**	**(187)**	**14,452**

Cash Flow Statement for the first nine months of 2013 and 2013 full year

2013 full year					9 months 2013		
Published	IFRS 11	Restated		(in millions of euros)	Published	IFRS 11	Restated
228	**(11)**	**217**		**Profit (Loss) before taxes**	**312**	**(6)**	**306**
656	(20)	636		Depreciation, amortization and writedowns	423	(15)	408
(45)	1	(44)		Net additions to provisions for risks	(45)	1	(44)
-	(5)	(5)		Interest in the result of companies valued by the equity method (-)	-	(3)	(3)
1	4	5		Dividends received from companies valued by the equity method	1	2	3
(21)	-	(21)		(Gains) Losses on the sale of non-current assets	-	-	-
(2)	-	(2)		Change in the provision for employee severance indemnities and provisions for pensions	(2)	-	(2)
(2)	-	(2)		Change in fair value recorded in EBIT	(4)	-	(4)
(84)	2	(82)		Change in operating working capital	159	(2)	157
(113)	(6)	(119)		Change in other operating assets and liabilities	(358)	(30)	(388)
116	(3)	113		Financial (income) expense	83	(3)	80
(100)	5	(95)		Net financial expense paid	(87)	1	(86)
(221)	1	(220)		Income taxes paid	(137)	1	(136)
413	**(32)**	**381**	**A.**	**Cash flow from continuing operations**	**345**	**(54)**	**291**
(271)	8	(263)		Additions to intangibles and property, plant and equipment (-)	(162)	6	(156)
(4)	-	(4)		Additions to non-current financial assets (-)	(4)	-	(4)
(56)	-	(56)		Net price paid on business combinations	-	-	-
8	-	8		Proceeds from the sale of intangibles and property, plant and equipment	5	-	5
-	-	-		Proceeds from the sale of non-current financial assets	-	-	-
7	-	7		Repayment of capital contribution by non-current financial assets	5	-	5
24	-	24		Change in other current financial assets	14	-	14
(292)	**8**	**(284)**	**B.**	**Cash used in investing activities from continuing operations**	**(142)**	**6**	**(136)**
1,853	(57)	1,796		Receipt of new medium-term and long-term loans	1,547	-	1,547
(2,153)	74	(2,079)		Redemption of medium-term and long-term loans (-)	(1,757)	38	(1,719)
(48)	11	(37)		Change in short-term net financial debt	(73)	10	(63)
-	-	-		Capital contributions and reserves (-)	-	-	-
(20)	-	(20)		Dividends paid to controlling companies or minority shareholders (-)	(20)	-	(20)
(368)	**28**	**(340)**	**C.**	**Cash used in financing activities from continuing operations**	**(303)**	**48**	**(255)**
-	-	-	**D.**	**Net currency translation differences**	-	-	-
(247)	**4**	**(243)**	**E.**	**Net cash flow for the period from continuing operations (A+B+C+D)**	**(100)**	**-**	**(100)**
-	-	-	**F.**	**Net cash flow for the period from discontinued operations**	-	-	-
(247)	**4**	**(243)**	**G.**	**Net cash flow for the period (continuing and discontinued operations) (E+F)**	**(100)**	**-**	**(100)**
753	**(18)**	**735**	**H.**	**Cash and cash equivalents at the beginning of the year from continuing operations**	**753**	**(18)**	**735**
-	-	-	**I.**	**Cash and cash equivalents at the beginning of the year from discontinued operations**	-	-	-
506	**(14)**	**492**	**L.**	**Cash and cash equivalents at the end of the period (continuing and discontinued operations) (G+H+I)**	**653**	**(18)**	**635**
-	-	-	**M.**	**Cash and cash equivalents at the end of the period from discontinued operations**	-	-	-
506	**(14)**	**492**	**N.**	**Cash and cash equivalents at the end of the period from Continuing Operations (L-M)**	**653**	**(18)**	**635**

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*		*Adjustments*		*EDISON GROUP*	
(in millions of euros)	*9 months 2014*	*9 months 2013 (*)*	*9 months 2014*	*9 months 2013 (*)*	*9 months 2014*	*9 months 2013 (*)*	*9 months 2014*	*9 months 2013 (*)*	*9 months 2014*	*9 months 2013 (*)*
Sales Revenues	**5,900**	**5,280**	**3,405**	**4,346**	**35**	**37**	**(546)**	**(669)**	**8,794**	**8,994**
- third parties sales revenues	5,889	5,264	2,902	3,726	3	5	-	(1)	8,794	8,994
- Intra-Group sales revenues	11	16	503	620	32	32	(546)	(668)	-	-
EBITDA	**492**	**497**	**251**	**388**	**(91)**	**(69)**	**-**	**-**	**652**	**816**
as a % of sales revenues	*8.3%*	*9.4%*	*7.4%*	*8.9%*	*n.m.*	*n.m.*			*7.4%*	*9.1%*
Net change in Fair Value of Commodity derivatives	3	(3)	117	(6)	-	-	-	-	120	(9)
Depreciation, amortization and writedowns	(175)	(231)	(189)	(170)	(6)	(7)	-	-	(370)	(408)
EBIT	**320**	**263**	**179**	**212**	**(97)**	**(76)**	**-**	**-**	**402**	**399**
as a % of sales revenues	*5.4%*	*5.0%*	*5.3%*	*4.9%*	*n.m.*	*n.m.*			*4.6%*	*4.4%*
Net financial income (expense)									**(99)**	**(71)**
Interest in result of companies valued by equity method									**7**	**3**
Income taxes									**(106)**	**(132)**
Profit (Loss) from continuing operations									**193**	**174**
Profit (Loss) from discontinued operations									**-**	**-**
Minority interest in profit (loss)									**16**	**-**
Group interest in profit (loss)									**177**	**174**

BALANCE SHEET	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Adjustments*		*EDISON GROUP*	
(in millions of euros)	*09.30.2014*	*12.31.2013 (*)*	*09.30.2014*	*12.31.2013 (*)*	*09.30.2014*	*12.31.2013 (*)*	*09.30.2014*	*12.31.2013 (*)*	*09.30.2014*	*12.31.2013 (*)*
Total assets	**8,234**	**8,191**	**5,791**	**5,782**	**4,776**	**5,049**	**(4,633)**	**(4,779)**	**14,168**	**14,243**
Total liabilities	**3,024**	**3,015**	**3,344**	**3,506**	**3,820**	**4,097**	**(3,506)**	**(3,614)**	**6,682**	**7,004**
Net Financial Debt									**2,145**	**2,451**

OTHER INFORMATION	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Adjustments*		*EDISON GROUP*	
(in millions of euros)	*9 months 2014*	*9 months 2013 (*)*	*9 months 2014*	*9 months 2013 (*)*	*9 months 2014*	*9 months 2013 (*)*	*9 months 2014*	*9 months 2013 (*)*	*9 months 2014*	*9 months 2013 (*)*
Capital expenditures	30	16	153	87	-	1	-	-	**183**	**104**
Investments in exploration	-	-	46	44	-	-	-	-	**46**	**44**
Investments in intangibles	2	1	12	6	1	1	-	-	**15**	**8**
Total capital investments	**32**	**17**	**211**	**137**	**1**	**2**	**-**	**-**	**244**	**156**

	Electric Power Operations		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Adjustments*		*EDISON GROUP*	
	09.30.2014	*12.31.2013 (*)*	*09.30.2014*	*12.31.2013 (*)*	*09.30.2014*	*12.31.2013 (*)*	*09.30.2014*	*12.31.2013 (*)*	*09.30.2014*	*12.31.2013 (*)*
Number of employees	**1,102**	**1,138**	**1,410**	**1,415**	**634**	**630**	**-**	**-**	**3,146**	**3,183**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint arrangements".

Thus far, the Group has not viewed **geographic area** segment information as meaningful. In recent years the foreign operations have gained steadily in importance: net non-current assets held totaled 1,284 million euros for the Hydrocarbons Operations, the largest component of which was located in Egypt. In the first nine months of 2014, the contribution of foreign operations accounted for about 13.3% of net invested capital.

The contribution of the Exploration & Production business at September 30, 2014 is shown in the table below. More specifically, EBIT were affected by higher amortization and depreciation attributable to EDF Production UK, acquired in October 2013, for 26 million euros.

INCOME STATEMENT (in millions of euros)	*9 months 2014*	*9 months 2013 (*)*
Sales revenues	**516**	**474**
EBITDA	**318**	**333**
as % of sales revenues	*61.6%*	*70.3%*
EBIT	**145**	**178**
as % of sales revenues	*28.1%*	*37.6%*

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

As for the disclosure about the so-called "**major customers**", the Group's sales are generally not concentrated, except for the Electric Power Operations, where one major customer, as defined by IFRS 8, generated sales revenues totaling 1,016 million euros in the period, equal to about 17.2% of the total sales revenues of Electric Power Operations and to about 11.6% of the total sales revenues of the Group.

NOTES TO THE INCOME STATEMENT

The trend of steady decline that has been afflicting the Italian economy since 2008, with negative repercussions on the level of national consumptions of electric power and natural gas, continued in the first nine months of 2014. More specifically, compared with the same period last year, domestic demand for electric power decreased by 3.0% (-2.9% on a seasonally adjusted basis), with a contraction that penalized only thermoelectric generation, due mainly to the availability of abundant water resources during the period. Italian demand for natural gas was also down sharply, decreasing by 11.9% compared with the same period last year, with thermoelectric and residential uses showing the biggest declines, due in part to higher average temperatures. The continuation of a situation in which the weakness in demand was accompanied by a steady increase in generating capacity and availability of gas, resulted in a further increase in competitive pressure on sales prices of both gas and electric power.

In this scenario, due to the favorable abundance of water resources of the period, to the optimization of the portfolio of generating facilities and to the significant contribution of the Exploration & Production activities, the Group **EBITDA** were positive by 652 million euros, and, net of extraordinary effect resulting from the revisions of long-term contract to import natural gas (from Algeria and Qatar in 2013, from Russia this year) which included a one off component related to previous years, in increase compared with the first nine months of 2013.

More specifically:

- The adjusted EBITDA[1] of the **Electric Power Operations** amounted to 510 million euros, relatively stable compared with the same period of the previous year (512 million euros). This result benefited from an increase in hydroelectric generation, thanks to an abundance of water resources, and the optimization of the portfolio of generating facilities.
- The adjusted EBITDA[1] of the **Hydrocarbons Operations** were positive by 233 million euros and included the effects of price's revision of long-term contract to import natural gas from Russia. The EBITDA of the first nine months of 2013 (373 million euros) moreover reflected the beneficial impact related to previous years from the revisions of long-term contracts to import natural gas from Algeria and Qatar. The contribution of the Exploration & Production activities was in slightly decrease (-4.5%) compared with the first nine months of 2013.

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[1] Adjusted EBITDA reflects 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 and losses attributable to them (+18 million euros in first nine months of 2014, +15 million euros in first nine months of 2013). This reclassification is being made to provide an operational presentation of the industrial results.

The **Group's interest in the net result** was a gain of 177 million euros, with a slight increase compared to the first nine months of 2013 (174 million euros).

In addition to the effects of the industrial margins mentioned above, the gain was mainly affected by:

- the net changes in the fair value on derivatives, positive for 120 million euros;
- a 38-million-euro decrease in depreciation and amortization, for the combined effect of lower writedowns in the **Electric Power Operations** (48 million euros) and higher depreciation in the **Hydrocarbons Operations** mainly due to the inclusion of EDF Production UK Ltd in the scope of consolidation as of October 2013;
- an increase of 28 million euros in net financial expense, in part due to the higher net foreign exchanges losses on fuel procurement transactions.

1. Sales Revenues

Sales revenues totaled 8,794 million euros, or 2.2% less than the 8,994 million euros reported in the same period last year.

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

(in millions of euros)	**9 months 2014**	9 months 2013 (*)	Change	% change
Revenues from the sales of:				
- Electric power	4,404	4,092	312	7.6%
- Natural gas	2,547	3,443	(896)	(26.0%)
- Steam	56	83	(27)	(32.5%)
- Oil	183	145	38	26.2%
- Green certificates	98	71	27	38.0%
- Other sales revenues	42	42	-	-
Total sales revenues	**7,330**	**7,876**	**(546)**	**(6.9%)**
Revenues from services provided	7	11	(4)	(36.4%)
Storage services	59	52	7	13.5%
Margin on physical trading activities	175	85	90	n.m.
Transmission revenues	1,199	961	238	24.8%
Other revenues from sundry services	24	9	15	n.m.
Total for the Group	**8,794**	**8,994**	**(200)**	**(2.2%)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

Breakdown by Business Segment

(in millions of euros)	**9 months 2014**	9 months 2013 (*)	Change	% change
Electric Power Operations	5,900	5,280	620	11.7%
Hydrocarbons Operations	3,405	4,346	(941)	(21.7%)
Corporate Activities and Other Segments	35	37	(2)	(5.4%)
Eliminations	(546)	(669)	123	(18.4%)
Total for the Group	**8,794**	**8,994**	**(200)**	**(2.2%)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

In particular:

- The **Electric Power Operations** reported an increase in sales revenues (+11.7%) compared with same period of the previous year also due to higher sales volumes to wholesalers and end customers.
- The sales revenues of the **Hydrocarbons Operations** were down, falling by 21.7% compared with the first nine months of 2013, and reflect the negative impact of price scenario as well as lower sales to thermoelectric and residential customers partially offset by higher sales to industrial customers.

2. Other Revenues and Income

Other revenues and income totaled 470 million euros (578 million euros in 2013). A breakdown is as follows:

(in millions of euros)	9 months 2014	9 months 2013 (*)	Change	% change
Realized commodity derivatives	277	135	142	n.m.
Recovery of costs from partners in hydrocarbon exploration projects	25	25	-	-
Net reversals in earnings of provisions for risks on receivables and other risks	7	49	(42)	n.m.
Out of period and sundry items	161	369	(208)	(56.4%)
Total for the Group	**470**	**578**	**(108)**	**(18.7%)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

The income from **realized commodity derivatives**, which should be analyzed together with the corresponding cost item included in "**Raw materials and services used**" (131 million euros) reflects 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 effect is mainly related to commodities markets changes in the period: more specifically the oil market showed an increase in prices.

The **Out-of period income and sundry items** include the benefits arising from the revision of long-term contracts to import natural gas attributable to costs incurred in previous years.

3. Raw Materials and Services Used

Raw materials and services used totaled 8,450 million euros, or 1.7% less than in the same period of 2013 (8,594 million euros), affected by the price and volume trends already mentioned in the note on "Sales revenues".

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

(in millions of euros)	9 months 2014	9 months 2013 (*)	Change	% change
Purchases of:				
- Natural gas	2,700	3,787	(1,087)	(28.7%)
- Electric power	3,015	2,466	549	22.3%
- Blast-furnace, recycled and coke-oven gas	8	20	(12)	(60.0%)
- Oil and fuel	2	1	1	n.m.
- Green certificates	19	5	14	n.m.
- CO_2 emissions rights	19	7	12	n.m.
-Utilities and other materials	61	46	15	32.6%
Total	**5,824**	**6,332**	**(508)**	**(8.0%)**
- Maintenance	102	88	14	15.9%
- Transmission of electric power and natural gas	1,708	1,544	164	10.6%
- Regasification fee	80	78	2	2.6%
- Professional services	102	96	6	6.3%
- Writedowns of trade and other receivables	120	91	29	31.9%
- Realized commodity derivatives	131	74	57	77.0%
- Margin on financial trading activities	141	48	93	n.m.
- Additions to provisions for miscellaneous risks	11	15	(4)	(26.7%)
- Change in inventories	(49)	(61)	12	(19.7%)
- Use of property not owned	84	81	3	3.7%
- Losses on sales of property, plant and equipment	1	2	(1)	(50.0%)
- Sundry items	195	206	(11)	(5.3%)
Total for the Group	**8,450**	**8,594**	**(144)**	**(1.7%)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

Breakdown by Business Segment

(in millions of euros)	9 months 2014	9 months 2013 (*)	Change	% change
Electric Power Operations	5,444	4,843	601	12.4%
Hydrocarbons Operations	3,465	4,351	(886)	(20.4%)
Corporate Activities and Other Segments	95	77	18	23.4%
Eliminations	(554)	(677)	123	(18.2%)
Total for the Group	**8,450**	**8,594**	**(144)**	**(1.7%)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

The decrease compared with the first nine months of previous year in the amount paid for **natural gas** (1,087 million euros) is mainly due to the decrease of purchase volume, related to lower sales volume. The amount also reflects the negative impact of the effective portion of derivatives that hedge foreign exchange risks on commodities (57 million euros), which, however, is offset by a benefit shown in commodity prices.

The rise in costs for **electric power** (549 million euros compared with the first nine months of 2013) is due mainly to the increase in purchase's volumes in electric market.

The higher costs paid for **transmission of electric power and natural gas** (164 million euros) reflects increases both in sale's volumes and rates paid.

The **regasification fee** (80 million euros) reflects the charges paid to Terminale GNL Adriatico Srl for regasification services.

Writedowns of trade and other receivables (120 million euros) includes additions to allowances for doubtful accounts and losses on uncollectible accounts, net of specific utilizations.

Margin on Trading Activities

The table below shows the results, as a whole in line with the same period previous year, 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*	9 months 2014	9 months 2013	Change	% change
Margin on physical contracts included in trading portfolios					
Sales revenues		4,604	2,841	1,763	62.1%
Raw materials and services used		(4,429)	(2,756)	(1,673)	60.7%
Total included in sales revenues	*1*	**175**	**85**	**90**	**n.m.**
Margin on financial contracts included in trading portfolios					
Other revenues and income		24	39	(15)	(38.5%)
Raw materials and services used		(165)	(87)	(78)	89.7%
Total included in Raw Materials and Services Used	*3*	**(141)**	**(48)**	**(93)**	**n.m.**
Total margin on trading activities		**34**	**37**	**(3)**	**(8.1%)**

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 162 million euros, unchanged compared with the same period of 2013.

5. EBITDA

EBITDA totaled 652 million euros, against the positive 816 million euros of the same period of 2013 (-20%); both the period included the one off benefits related to previous years resulting from the revisions of long-term contract to import natural gas.

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)	**9 months 2014**	**as a % of sales revenues**	9 months 2013 (*)	as a % of sales revenues
Reported EBITDA				
Electric Power Operations	492	8.3%	497	9.4%
Hydrocarbons Operations	251	7.4%	388	8.9%
Corporate Activities and Other Segments	(91)	n.m.	(69)	n.m.
Total for the Group	**652**	**7.4%**	**816**	**9.1%**
Adjusted EBITDA				
Electric Power Operations	510	8.6%	512	9.7%
Hydrocarbons Operations	233	6.8%	373	8.6%
Corporate Activities and Other Segments	(91)	n.m.	(69)	n.m.
Total for the Group	**652**	**7.4%**	**816**	**9.1%**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

Regarding the performances:

- the adjusted EBITDA of the **Electric Power Operations** amounted to 510 million euros, were in line with the same period of the previous year (512 million euros) and benefited from an abundance of water resources and from the portfolio optimization of facilities;
- the adjusted EBITDA of the **Hydrocarbons Operations** were positive by 233 million euros (373 million euros in 2013, -37.5%); please note that, for both periods, the result were affected by the beneficial impact of the revisions of long-term contracts to import natural gas, attributable to costs incurred in previous years. Net of this effect, the segment benefited from the significant contribution of the Exploration & Production activities, from the performances of the Regulated Gas Infrastructure as well as from a partial recovery in the performance of the natural gas supply and sales activities, which, however, continued to be characterized by strong pressure on sales margins.

6. Net Change in Fair Value of Commodity Derivatives

A breakdown of this account, which had a positive balance of 120 million euros (negative balance of 9 million euros in the first nine months of 2013), is provided below:

(in millions of euros)	9 months 2014	9 months 2013 (*)	Change	% change
Change in fair value in hedging the price risk on energy products:	**97**	**2**	**95**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (**)	(12)	2	(14)	n.m.
- not definable as hedges pursuant to IAS 39	109	-	109	n.m.
Change in fair value in hedging the foreign exchange risk on commodities:	**23**	**(11)**	**34**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (**)	18	-	18	n.m.
- not definable as hedges pursuant to IAS 39	5	(11)	16	n.m.
Total for the Group	**120**	**(9)**	**129**	**n.m.**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".
(**) 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. The result for the period essentially reflects the considerable reduction in forward prices recorded in the first nine months of the year in the European gas markets and the dynamics of the EUR / USD exchange rate characterized by a weakening euro.

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

7. Depreciation, Amortization and Writedowns

The items totaled 370 million euros, for a decrease of 38 million euros compared to the same period of the previous year (408 million euros). A breakdown of this item is provided below:

(in millions of euros)	9 months 2014	9 months 2013 (*)	Change	% change
Depreciation and amortization of:	**369**	**360**	**9**	**2.5%**
- property, plant and equipment	255	244	11	4.5%
- hydrocarbon concessions	57	63	(6)	(9.5%)
- other intangible assets (**)	57	53	4	7.5%
Writedowns of:	**1**	**48**	**(47)**	**n.m.**
- property, plant and equipment	1	46	(45)	n.m.
- other intangible assets	-	2	(2)	n.a.
Total for the Group	**370**	**408**	**(38)**	**(9.3%)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".
(**) Included the exploration costs (46 million euros in 2014, 44 million euros in 2013).

Breakdown by Business Segment

(in millions of euros)	9 months 2014	9 months 2013 (*)	Change	% change
Electric Power Operations:	**175**	**231**	**(56)**	**(24.2%)**
- depreciation and amortization	175	183	(8)	(4.4%)
- writedowns of property, plant and equipment	-	46	(46)	n.m.
- writedowns of other intangible assets	-	2	(2)	n.m.
Hydrocarbons Operations:	**189**	**170**	**19**	**11.2%**
- depreciation and amortization	189	170	19	11.2%
Corporate Activities and Other Segments:	**6**	**7**	**(1)**	**(14.3%)**
- depreciation and amortization	5	7	(2)	(28.6%)
- writedowns of property, plant and equipment	1	-	1	n.a.
Total for the Group	**370**	**408**	**(38)**	**(9.3%)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

In the **Electric Power Operations**, the decrease of 56 million euros is mainly due to the write down carried out in the first nine months of 2013 (48 million euros).

In the **Hydrocarbons Operations**, the increase of 19 million euros is attributable for 26 million euros, of which 13 million euros for exploration costs, to EDF Production UK Ltd, a company acquired in October 2013.

8. Net Financial Income (Expense)

Net financial expense totaled 99 million euros, or 28 million euros more than in the same period of 2013 (71 million euros).

A breakdown of net financial expense is as follows:

(in millions of euros)	9 months 2014	9 months 2013 (*)	Change
Financial income			
Financial income from financial derivatives	58	42	16
Interest earned on bank and postal accounts	-	3	(3)
Interest earned on trade receivables	13	8	5
Other financial income	6	6	-
Total financial income	**77**	**59**	**18**
Financial expense			
Interest accrued on bond issues	(48)	(54)	6
Fair Value Hedge adjustment on bonds	4	27	(23)
Financial expense from financial derivatives	(43)	(43)	-
Interest accrued to banks	(2)	(3)	1
Fees	(26)	(10)	(16)
Financial expense on decommissioning projects and provisions for risks	(19)	(19)	-
Financial expense in connection with employee severance benefits	(1)	(1)	-
Interest accrued to other lenders	(29)	(26)	(3)
Other financial expense	(9)	(10)	1
Total financial expense	**(173)**	**(139)**	**(34)**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains	58	113	(55)
Foreign exchange translation losses	(61)	(104)	43
Net foreign exchange translation gains (losses)	**(3)**	**9**	**(12)**
Net financial income (expense) for the Group	**(99)**	**(71)**	**(28)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

The increase compared to the first nine months of 2013 reflects:

- higher net foreign exchange translation losses related to fuel procurement transactions;
- an higher cost of money due to the long term refinancing plan executed in April 2013;
- higher costs related to the contracts assigning trade receivables without recourse.

9. Income from (Expense on) from Equity Investments

A breakdown of the positive balance positive of 11 million euros, is shown below.

(in millions of euros)	9 months 2014	9 months 2013 (*)	Change
Income from Equity Investments			
Dividends	3	4	(1)
Revaluations of trading securities	2	2	-
Valuations of investments by equity method	10	3	7
Total income from equity investments	**15**	**9**	**6**
Expenses on equity investments			
Writedowns and valuations of investments by the equity method	(3)	-	(3)
Writedowns and valuations of investments available for sale	(1)	(4)	3
Total expenses on equity investments	**(4)**	**(4)**	**-**
Total Group income from (expenses) equity investments	**11**	**5**	**6**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

10. Other Income (Expense), Net

Net other expense totaled 15 million euros, compared with net expense of 27 million euros in the same period of the previous year, is the result of nonrecurring items that are not directly related to the Group's industrial operations. Please note that the amount in the first nine months of 2013 included additions to provisions for environmental risks related to non-core businesses for 20 million euros.

11. Income Taxes

The income-tax balance totaled 106 million euros (132 million euros in the first nine months of 2013). A breakdown of income taxes is provided below:

(in millions of euros)	**9 months 2014**	9 months 2013 (*)	Change
Current taxes	161	182	(21)
Net deferred-tax liabilities (assets)	(88)	(38)	(50)
Income taxes attributable to previous years and other taxes	33	(12)	45
Total for the Group	**106**	**132**	**(26)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

Current taxes included 196 million euros for corporate income taxes (IRES), 21 million euros for regional taxes (IRAP) and 45 million euros for foreign taxes, offset by a tax benefit of 101 million euros generated by the filing of a consolidated income tax return.

In July 2014, Edison chose to avail itself of the option provided under Law No.147/2013 to realign the tax bases of some components of property, plant and equipment to the corresponding carrying amounts. This transaction resulted in the recognition of a substitute tax of 45 million euros, listed under "Income taxes attributable to previous years and other taxes," and the concurrent reversal of deferred tax liabilities totaling 104 million euros; consequently, the tax rate for the period benefited from a net positive effect of 59 million euros.

Please note that the enactment of Decree Law No. 66 of April 24, 2014, converted into Law No. 89 of June 23, 2014, resulted in a reduction of the IRAP tax rate, effective as of January 1, 2014, which produced a tax savings of about 2 million euros. The resulting restatement of deferred tax did not have a significant effect.

12. Earnings (Loss) per Share

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

2013 full year			**9 months 2014**		9 months 2013	
Common shares	Savings shares (1)	(in millions of euros)	**Common shares**	**Savings shares (1)**	Common shares	Savings shares (1)
96	96	Group interest in profit (loss)	177	177	174	174
91	5	Profit (Loss) attributable to the different classes of shares (A)	170	7	167	7
		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	5,181,545,824	110,154,847
5,181,545,824	110,154,847	- diluted (C) (2)	5,181,545,824	110,154,847	5,181,545,824	110,154,847
		Earnings (Loss) per share (in euros)				
0.0175	0.0475	- basic (A/B)	0.0329	0.0629	0.0323	0.0623
0.0175	0.0475	- diluted (A/C) (2)	0.0329	0.0629	0.0323	0.0623

(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

13. 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 12.31.2013 Published	**456**	**3,663**	**124**	**34**	**3**	**6**	**262**	**4,548**
IFRS 11 application	(14)	(153)	(27)	-	-	-	(10)	(204)
Balance at 12.31.2013 Restated (A)	**442**	**3,510**	**97**	**34**	**3**	**6**	**252**	**4,344**
Changes in the first nine months of 2014:								
- Additions	-	54	1	-	-	-	128	183
- Disposals (-)	(2)	(24)	-	-	-	-	-	(26)
- Depreciation (-)	(11)	(225)	(16)	(1)	(1)	(1)	-	(255)
- Writedowns (-)	(1)	-	-	-	-	-	-	(1)
- Decommissioning costs	-	4	-	-	-	-	-	4
- Other changes	2	19	1	-	1	-	(18)	5
Total changes (B)	**(12)**	**(172)**	**(14)**	**(1)**	**-**	**(1)**	**110**	**(90)**
Balance at 09.30.2014 (A+B)	**430**	**3,338**	**83**	**33**	**3**	**5**	**362**	**4,254**

A breakdown by business segment of **additions** totaling 183 million euros is as follows:

(in millions of euros)	9 months 2014	9 months 2013 (*)
Electric Power Operations	**30**	**16**
broken down as follows:		
- Thermoelectric area	*12*	*8*
- Hydroelectric area	*9*	*6*
- Renewable sources area (wind power, photovoltaic, etc.)	*9*	*2*
Hydrocarbons Operations	**153**	**87**
broken down as follows:		
- Hydrocarbon fields in Italy	*83*	*54*
- Hydrocarbon fields outside Italy	*45*	*20*
- Transmission and storage infrastructures	*25*	*13*
Corporate Activities and Other Segments	**-**	**1**
Total for the Group	**183**	**104**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

In the period please note that:

- for the **Hydrocarbons Operations** projects concerned mainly Italy, where, in the Exploration & Production area, further operations were made to develop the Fauzia field, sidetrack at Regina field and the commissioning of side track at the Clara field. Outside Italy, investments continued in Norway; moreover the production from the Izabela field in Croatia started in July 2014;
- for the **Electric Power Operations**, the main investments involved the replacement of components at some thermoelectric and hydroelectric power plants.

The amount of capitalized borrowing costs as part of property, plant and equipment, consistent with the requirements of IAS 23 Revised was immaterial.

A more detailed analysis of **depreciation**, which amounted to 255 million euros (244 million euros in 2013), is provided in the "Depreciation, amortization and writedowns" note to the Income Statement.

Asset transferable at no cost refer to 39 hydroelectric concessions held by the Edison Group. It is worth mentioning that a new hydroelectric concession was acquired in the first nine months of 2014.

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 25 million euros, is shown part under "Long-term financial debt and other financial liabilities" (20 million euros) and part under "Short-term financial debt" (5 million euros).

Please note that assets valued at 39 million euros are encumbered as collateral for loans provided by financial institutions.

14. Investment Property

The Group's investment property, which consists of land and buildings that are not used for production purposes, has a total carrying amount of 6 million euros, unchanged compared with December 31, 2013.

15. Goodwill

Goodwill totaled 3,231 million euros, unchanged compared with December 31, 2013.

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

(in millions of euros)	**09.30.2014**	12.31.2013
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 (Note 17).

16. Hydrocarbon Concessions

Concessions for the production of hydrocarbons were valued at 803 million euros. The decrease of 57 million euros, compared with December 31, 2013, mainly reflects the amortization for the period. The Group holds 108 mineral leases in Italy and abroad (including 3 storage concessions). In the first nine months of 2014 the Group reported an increase of seven new hydrocarbon exploration licenses: four in Norway, two in Egypt and one in United Arab Emirates.

17. Other Intangible Assets

The table below shows the main changes that occurred in the first nine months of 2014:

(in millions of euros)	Concessions, licenses, patents and similar rights	Exploration costs	Other intangible assets	Work in progress and advances	Total
Balance at 12.31.2013 Published	**87**	**-**	**15**	**13**	**115**
IFRS 11 Application	-	-	(1)	-	**(1)**
Balance at 12.31.2013 Restated (A)	**87**	**-**	**14**	**13**	**114**
Changes in the first nine months of 2014:					
- Additions	9	46	4	2	61
- Amortization (-)	(9)	(46)	(2)	-	(57)
- Other changes	9	-	-	(9)	-
Total changes (B)	**9**	**-**	**2**	**(7)**	**4**
Balance at 09.30.2014 (A+B)	**96**	**-**	**16**	**6**	**118**

Exploration costs for the period, which were amortized in full when occurred, totaled 46 million euros compared with 44 million euros in first nine months of 2013.

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.

Impairment Test of Assets in Accordance with IAS 36

In the first nine months of 2014, 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 2014 budget, specific triggers pointing to perform an impairment test at September 30, 2014.

Consistent with the estimates applied at the end of 2013, 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 2013.

The tests performed using the process described above did not show reductions in value.

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

The total includes 148 million euros in investments in associates and unconsolidated subsidiaries, joint ventures and affiliated companies and 177 million euros in available-for-sale investments. The latter amount includes investments in Terminale GNL Adriatico Srl (167 million euros) and in RCS Mediagroup Spa (5 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 12.31.2013 Published	**51**	**183**	**234**
IFRS 11 Application	93	-	93
Balance at 12.31.2013 Restated (A)	**144**	**183**	**327**
Changes in the first nine months of 2014:			
- Changes in shareholders' equity reserves	-	(5)	(5)
- Valuations at equity	7	-	7
- Valuations at fair value	-	(1)	(1)
- Dividend (-)	(6)	-	(6)
- Other changes (+/-)	3	-	3
Total changes (B)	**4**	**(6)**	**(2)**
Balance at 09.30.2014 (A+B)	**148**	**177**	**325**

The **Changes in shareholders' equity reserves,** negative by 5 million euros, refer to the distribution of the reserves for advances on capital contributions by Terminale GNL Adriatico Srl. In the period dividends distribution resolutions were recognized for 6 million euros (paid for 3 million euros) related to companies valued by equity method.

19. Other Financial Assets

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

(in millions of euros)	**09.30.2014**	12.31.2013 (*)	Change
Escrow bank deposits that secure project financing facilities	-	4	(4)
Sundry items	39	102	(63)
Total other financial assets	**39**	**106**	**(67)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

Escrow bank deposits were reclassified to Cash and cash equivalents as the result of the repayment of the facility related to them.

Sundry items were decrease compared with December 31, 2013, mainly due to the reclassification to Current financial assets of the portion maturing in September 2015 of the financial receivable owed by Elpedison Power Sa.

20. Deferred-tax Assets

Deferred-tax assets, which were valued, based on 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 294 million euros (236 million euros at December 31, 2013).

They are related to:

- property, plant and equipment and intangibles of 125 million euros;
- taxed provisions for risks of 87 million euros;
- a tax-loss carryforward of 82 million euros.

21. Other Assets

Other assets totaled 171 million euros or 18 million euros less than December 31, 2013. This account includes:

- 144 million euros 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 September 30, 2014.
- 18 million euros in sundry receivables, consisting mainly of security deposits.

22. Current Assets

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

(in millions of euros)	**09.30.2014**	12.31.2013 (*)	Change
Inventories	624	486	138
Trade receivables	2,718	3,098	(380)
Current-tax assets	25	24	1
Other receivables	997	653	344
Current financial assets	156	77	79
Cash and cash equivalents	407	492	(85)
Total current assets	**4,927**	**4,830**	**97**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

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 09.30.2014**	Total at 12.31.2013 (*)	Change
Electric Power Operations	11	-	-	123	3	56	193	85	108
Hydrocarbons Operations	31	387	13	-	-	-	431	401	30
Total for the Group	**42**	**387**	**13**	**123**	**3**	**56**	**624**	**486**	**138**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

The increase of the period is mainly due to the storage of natural gas and to environmental securities primarily related to the trading activity.

Inventories include 133 million euros of natural gas, the use of which is restricted either as a strategic reserve or to secure performance under the balancing system.

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

(in millions of euros)	**09.30.2014**	12.31.2013 (*)	Change
Electric Power Operations	1,822	1,875	(53)
Hydrocarbons Operations	918	1,235	(317)
Corporate Activities and Other Segments and Eliminations	(22)	(12)	(10)
Total trade receivables	**2,718**	**3,098**	**(380)**
Of which Allowance for doubtful Accounts	**(377)**	**(300)**	**(77)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

In particular, trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas and Power Exchange transactions. Moreover, this item included, for 189 million euros, the fair value of physical contracts for energy commodities that are part of the Group's Trading Portfolios (222 million euros at December 31, 2013); this amount should be analyzed together with the corresponding debt item included in **Trade payables** (161 million euros at September 30, 2014, 180 million euros at December 31, 2013).

The table that follows shows the changes in "Allowance for doubtful accounts":

(in millions of euros)	12.31.2013 (*)	Additions	Utilizations	**09.30.2014**
Allowance for doubtful accounts (**)	(300)	(120)	43	**(377)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".
(**) Included default interests.

The additions to the allowance reflect the result of an assessment, performed consistent with the Group's policy, of the different status of the receivables, taking into account each customer segment, the corresponding past-due receivables and the aging; utilizations were recognized for receivables deemed uncollectible during the period.

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 revolving basis and on a spot basis, consistent with a policy aimed at controlling and minimizing credit risks. These transactions totaled 4,823 million euros in the period (4,231 million euros at September 30, 2013). The residual risk of recourse associated with these receivables is less than 1 million euros.

- **Current-tax assets** of 25 million euros included 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 Spa, the Group's controlling company.

- A breakdown of **other receivables**, which totaled 997 million euros, is provided in the table below:

(in millions of euros)	**09.30.2014**	12.31.2013 (*)	Change
Receivables arising from the valuation of derivatives	397	246	151
Amounts owed by partners and associates in hydrocarbon exploration projects	106	70	36
Advances to suppliers	35	45	(10)
Amounts owed by the controlling company in connection with the filing of the consolidated income tax return	166	93	73
VAT credit	4	20	(16)
Sundry items	289	179	110
Total other receivables	**997**	**653**	**344**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

The increase shown for **receivables arising from the valuation of derivatives**, which should be analyzed in conjunction with the corresponding liability included in **Current liabilities** (decreased from 275 million euros to 168 million euros), primarily reflects changes in the market forward price scenario, in particular in the European gas markets, compared with December 31, 2013.

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)	**09.30.2014**	12.31.2013 (*)	Change
Loans receivable	86	11	75
Derivatives	62	60	2
Equity investments held for trading	8	6	2
Total current financial assets	**156**	**77**	**79**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

The increase in loans receivables is mainly due to the reclassification from non-current financial assets of the financial receivable due from Elpedison Power Sa maturing in September 2015.

- **Cash and cash equivalents** of 407 million euros (492 million euros at December 31, 2013) 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 145 million euros.

Liabilities and Shareholders' Equity

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

The shareholders' equity attributable to Parent Company shareholders amounted to 7,363 million euros, or 237 million euros more than at December 31, 2013 (7,126 million euros). This increase is mainly due to the net profit for the period (177 million euros), to the positive change in the Cash Flow Hedge reserve (90 million euros) and to the net exchange differences on translation, partially offset by the effect of a resolution to distribute dividends to the shareholder Transalpina di Energia Spa (57 million euros) and the savings shareholders (6 million euros).

The shareholders' equity attributable to minority shareholders amounted to 123 million euros, or 10 million euros more than at December 31, 2013 (113 million euros), mainly due to the net profit for the period (16 million euros) and to the effect of dividend distribution by companies with minority shareholders (7 million euros).

With regard to the company's decision to realign the book and tax value of some assets (please see note n. 11 "Income Taxes"), on September 23, 2014 Edison's Shareholders' Meeting approved the recognition of a tax encumbrance on a portion of the reserves for a total of 237 million euros, which is the amount of realigned values net of the substitute tax.

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".

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 at12.31.2013	4	(4)	-
Changes in the period	126	(36)	90
Reserve at 09.30.2014	**130**	**(40)**	**90**

No changes occurred in the reserve for available-for-sale investments, which closed to zero at September 30, 2014.

24. Provision for Employee Severance Indemnities and Provisions for Pensions

These provisions, which amounted to 35 million euros, unchanged compared with December 31, 2013, reflect the accrued severance indemnities and other benefits owed to employees. The actuarial gains (losses) are recorded in equity. 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 nine months of 2014:

(in millions of euros)	Provision for employee severance indemnities	Provisions for pensions	Total
Balance at 12.31.2013 Published	**35**	**-**	**35**
IFRS 11 Application	-	-	-
Balance at 12.31.2013 Restated (A)	**35**	**-**	**35**
Changes in the first nine months of 2014:			
- Financial expense	1	-	1
- Actuarial (gains) losses (+/-)	-	-	-
- Utilizations (-) / Other changes	(1)	-	(1)
Total changes (B)	**-**	**-**	**-**
Total at 09.30.2014 (A+B)	**35**	**-**	**35**

25. Provision for Deferred Taxes

The balance of 82 million euros (64 million euros at December 31, 2013) 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 decrease in deferred tax liabilities for differences in the valuation of property, plant and equipment and intangibles compared with 2013 is due for 104 million euros to the enactment of tax legislation that allowed the realignment of the tax bases of some of the assets of Edison Spa with the corresponding carrying amounts, as described in Note 11 "Income Taxes."

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)	**09.30.2014**	12.31.2013 (*)	Change
Deferred-tax liabilities:			
- Valuation differences of property, plant and equipment and intangibles	78	165	(87)
- Adoption of IAS 39 to value financial instruments with impact:			
- on the income statement	12	-	12
- on shareholders' equity	40	4	36
- Other deferred-tax liabilities	45	31	14
Total deferred-tax liabilities (A)	**175**	**200**	**(25)**
Deferred-tax assets usable for offset purposes:			
- Taxed provisions for risks	52	95	(43)
- Tax-loss carryforward	-	22	(22)
- Adoption of IAS 39 to value financial instruments with impact:			
- on the income statement	-	-	-
- on shareholders' equity	-	-	-
- Valuation differences of property, plant and equipment and intangibles	25	19	6
- Other deferred-tax assets	16	-	16
Total deferred-tax assets (B)	**93**	**136**	**(43)**
Total provision for deferred taxes (A-B)	**82**	**64**	**18**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

26. Provisions for Risks and Charges

The provisions for risks and charges, which are established to cover contingent liabilities, totaled 922 million euros, for an increase of 21 million euros compared with December 31, 2013 (901 million euros).

The table below shows the changes that occurred in the first nine months of 2014:

(in millions of euros)	12.31.2013 (*)	Additions	Utilizations	Other changes	09.30.2014
Risks for disputes, litigation and contracts	137	2	(1)	1	139
Charges for contractual guarantees on sale of equity investments	75	-	-	-	75
Environmental risks	62	6	(3)	1	66
Other risks and charges	13	-	-	-	13
Disputed tax items	53	3	(2)	(1)	53
Total for legal and tax disputes	**340**	**11**	**(6)**	**1**	**346**
Provisions for decommissioning and remediation of industrial sites	487	16	(3)	8	508
Provision for CO2 emission rights	6	-	(5)	(1)	-
Other risks and charges	68	3	(2)	(1)	68
Total for the Group	**901**	**30**	**(16)**	**7**	**922**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

With regard to "**Provisions for legal and tax disputes**" (346 million euros) and to the issues that resulted in the current composition of them, more detailed information are provided in the paragraph of the Condensed Consolidated Semiannual Financial Statements at June 30, 2014 entitled "Risks and Contingent Liabilities Related to Legal and Tax Disputes" and in the corresponding update provided later in these Notes.

The "**Provisions for decommissioning and remediation of industrial sites"**, totaling 508 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. This item shows a net increase due to additions recognized as financial charges linked to discounting effect and to the evaluation of new costs for about 4 million euros.

The balance in the "**Provision for other risk and charges"**, which amounts to 68 million euros, includes 49 million euros for potential future charges related to the Electric Power Operations and 9 million euros for risk hedges of abroad activities.

27. Bonds

The balance of 598 million euros (1,098 million euros at December 31, 2013), represents the noncurrent portion of the bonds. The decrease, compared with December 31, 2013, is due to the reclassification into **Current Liabilities** of the bond issue maturing on March 17, 2015 (face value of 500 million euros).

The table below shows the balance outstanding at September 30, 2014 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: Non-current portion	Carrying value: Current portion	Carrying value: Total	Fair value
Edison Spa	Luxembourg Secur. Excl	EUR	500	Annual in arrears	3.250%	03.17.2015	-	510	510	516
Edison Spa	Luxembourg Secur. Excl	EUR	600	Annual in arrears	3.875%	11.10.2017	598	59	657	681
Total for the Group			**1,100**				**598**	**569**	**1,167**	**1,197**

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.

28. Long-term Financial Debt and Other Financial Liabilities

A breakdown of this liability account is as follows:

(in milions of euros)	09.30.2014	12.31.2013 (*)	Change
Due to banks	192	154	38
Due to other lenders	822	818	4
Total for the Group	**1,014**	**972**	**42**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

The amount **due to other lenders** includes the loan provided to Edison Spa by EDF Investissement Groupe Sa in April 2013 (face value of 800 million euros and a seven-year maturity).

29. Other Liabilities

Other liabilities amounted to 6 million euros (5 million euros at December 31, 2013).

30. Current Liabilities

A breakdown of current liabilities is provided below:

(in millions of euros)	09.30.2014	12.31.2013 (*)	Change
Bonds	569	772	(203)
Short-term financial debt	527	268	259
Trade payables	2,133	2,177	(44)
Current taxes payable	29	42	(13)
Other liabilities	767	670	97
Total current liabilities	**4,025**	**3,929**	**96**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

The main current liability accounts are reviewed below:

- **Bonds**, amounting to 569 million euros, include the reclassification from non current liabilities of the bond issue with maturity date March 17, 2015 (face value of 500 million euros) and the total accrued interest at September 30, 2014. Compared with the December 31, 2013, please also note the disbursement in July, at maturity date, related to the repayment of the bond issue (face value of 700 million euros);
- **Short-term financial debt**, which totaled 527 million euros, includes:
  - 77 million euros due to banks, 2 million euros of which represent the effect of measuring interest rate derivatives at fair value.
  - 445 million euros due to other lender, included the utilization of the credit line provided by EDF Sa for 350 million euros and the accrued interests on liabilities with EDF Group companies;
  - 5 million euros due to leasing companies.

- **Trade payables** totaled 2,133 million euros. A breakdown by business segment is provided below:

(in millions of euros)	09.30.2014	12.31.2013 (*)	Change
Electric Power Operations	1,437	1,215	222
Hydrocarbons Operations	690	933	(243)
Corporate Activities and Other Segments and Eliminations	6	29	(23)
Total trade payables	**2,133**	**2,177**	**(44)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

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 161 million euros for the fair value of the physical energy commodity contracts (180 million euros at December 31, 2013) held in the Trading Portfolios.

- **Current taxes payable** of 29 million euros represent the income taxes liability of Group companies that are not included in the consolidated tax return filed by the controlling company (Transalpina di Energia Spa). These taxes are paid directly by the companies upon which they are levied.

- A breakdown of **other liabilities**, which totaled 767 million euros, is as follows:

(in millions of euros)	09.30.2014	12.31.2013 (*)	Change
Amounts owed to shareholders	10	7	3
Amount owed to the controlling company in connection with the filing of a consolidated tax return	211	107	104
Amounts owed to joint holders of permits for hydrocarbon exploration	191	119	72
Payables for consulting and other services	26	31	(5)
Payables owed to Tax Administration (other than current tax payables)	78	33	45
Amount owed to employees	24	30	(6)
Liabilities stemming from the measurement at fair value of derivatives	168	275	(107)
Payables owed to social security institutions	18	24	(6)
Sundry items	41	44	(3)
Total other liabilities	**767**	**670**	**97**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

NET FINANCIAL DEBT

At September 30, 2014, net financial debt totaled 2,145 million euros, or 306 million euros less than the 2,451 million euros owed at December 31, 2013.

Consistent with the practice followed at the end of 2013, the table below provides a simplified breakdown of the Group's net financial debt:

(in millions of euros)	*See note*	**09.30.2014**	12.31.2013 (*)	Change
Bonds - non-current portion	*27*	598	1,098	(500)
Non-current bank loans	*28*	192	154	38
Amounts due to other lenders - non-current portion	*28*	822	818	4
Other non-current financial assets	*19*	-	(90)	90
Medium/long-term net financial debt		**1,612**	**1,980**	**(368)**
Bonds - current portion	*30*	569	772	(203)
Short-term financial debt	*30*	527	268	259
Current financial assets	*22*	(156)	(77)	(79)
Cash and cash equivalents	*22*	(407)	(492)	85
Short-term net financial debt		**533**	**471**	**62**
Net financial debt		**2,145**	**2,451**	**(306)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

The net decrease for the period (306 million euros) is mainly due to the effects of the operating cash flow and the improvement in operating working capital (198 million euros), which more than offset the outlays for capital expenditures (244 million euros) and taxes (188 million euros), the financial expense (99 million euros) and the distribution of dividends (66 million euros).

Net financial debt includes the loans outstanding with EDF Group companies for about 1,150 million euros and cash and cash equivalents totaling 145 million euros held in current account with EDF Sa (245 million euros at December 31, 2013).

COMMITMENTS, RISKS AND CONTINGENT ASSETS

Commitments

(in millions of euros)	09.30.2014	12.31.2013 (*)	Change
Guarantees provided	1,237	1,305	(68)
Collateral provided	80	171	(91)
Other commitments and risks	161	160	1
Total for the Group	**1,478**	**1,636**	**(158)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

Guarantees provided totaled 1,237 million euros at September 30, 2014. This figure, which was determined based on the undiscounted amount of contingent commitments on the balance sheet date, includes 78 million euros in guarantees provided to the Revenue Office on behalf of subsidiaries for offsetting VAT credits and those provided in connection with the intra-Group assignment of tax 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 80 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 (39 million euros). The decrease, compared with December 31, 2013, is due for 50 million euros to cancellation of a pledge related to a thermoelectric power plant.

Other commitments and risks, which totaled 161 million euros, reflect primarily commitments undertaken to complete investment projects under construction in Italy and abroad (86 million euros).

With reference to the long-term contracts for the importation of natural gas, which contain take-or-pay clauses that obligate the buyer to pay any shortage between the stipulated minimum quantities and the quantity actually used, please note that commitments for 24 million euros were recorded at September 30, 2014 (commitments were nil at December 31, 2013).

Unrecognized Commitments and Risks

There are not significant changes related to the main risks and commitments not included in the amounts above in the third quarter of 2014 compared with disclosures in the Condensed Consolidated Semiannual Financial Statements at June 30 2014, to which reference is provided for a more complete and comprehensive information. In particular, the **Hydrocarbons Operations** entered into long term contracts for the importation of natural gas from Russia, Libia, Algeria and Qatar, for a total maximum nominal supply of 14.4 billion cubic meters of natural gas a year. The duration of these contracts ranges between 6 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	11.1	53.1	129.9	**194.1**

The economic data are based on prospective pricing formulas.

Risks and contingent liabilities associated with legal and tax disputes

A review, based on information currently available, of the developments that occurred in the third quarter of 2014 concerning the main legal and tax disputes outstanding is provided in this paragraph, 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.

A comprehensive disclosure is provided in the Condensed Consolidated Semiannual Financial Statements at June 30, 2014.

Probable liabilities associated with legal disputes

The developments on 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) On **Liabilities for which a provision for disputes, litigation and contracts risks was recognized in the balance sheet**:

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 and a hearing for closing arguments is scheduled for February 18, 2015.

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

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

Insofar as the criminal proceedings are concerned, on October 14, 2014, the Court of Mantua handed down a decision convicting ten of twelve defendants, all former Directors and executives of Montedison Spa (now Edison), who were found gui

lty of the involuntary manslaughter of eleven people, former employee of the Montedison Group, whose heirs had joined the proceedings as plaintiffs seeking damages. In the aggregate, the Court provisionally set the compensation for damages owed to the plaintiffs, who had joined the proceedings in connection with the ascertained crimes, at about 8 million euros. The Court dismissed as not having occurred the crime, aggravated by the disaster, of *"removal or negligent omission of protections against occupational accidents."*

* * * * *

B) On **Liabilities for which a provision for risks for contractual guarantees on sale of equity investments was recognized in the balance sheet**:

Edison Spa

Industrial Site in Bussi sul Tirino

With reference to the ongoing trial before the Court of Assizes of Chieti, which regards, among others, three former officers and employees of Montedison Spa, now Edison Spa, in relation to alleged facts of poisoning of water intended for human consumption and environmental disaster, attention is drawn to the following.

After the decision provided by the Court of Assizes of Chieti on February 7, 2014, through which the same Court accepted the application for summary trial proposed by all the defendants, Edison Spa has been excluded from the trial under Article 87, paragraph 3, of the Italian Code of Criminal Procedure. Therefore Edison is no longer part of the procedure.

After that decision, with reference to the position of Edison Spa, the following alternative scenarios open: *i)* whereas the trial would end with the final acquittal of the three former Montedison employees, the judgment should carry direct effects against the plaintiffs, thereby excluding any right of compensation in damages to the quoted civil responsible Edison; *ii)* whereas, on the contrary, the trial would conclude with a final judgment of conviction of these three defendants, that judgment should have direct effects only against the same defendants, but not against Edison Spa; in fact, in any event the alleged responsibility of the company, based on the behaviors of its former employees, should be subject to a new finding in further civil proceedings.

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.

With regard to these proceedings, please note that, on July 31, 2013, following the filing of initial briefs by the parties in 2013, the Board of Arbitrators decided to bisect the proceedings to address in advance certain prejudicial and preliminary exceptions put forth by Edison, separately from the action filed by Solvay Sa and Solvay Specialty Polymers Italy Spa. At this point, the Board of Arbitrators has set November 28, 2014 as the deadline for handing down its award.

* * * * *

C) On **Liabilities for which a provision for environmental risks was recognized in the balance sheet**:

Edison Spa

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. Edison joined the proceedings filing a brief in December 2013. A hearing for closing arguments pursuant to Article 189 of the Code of Civil Procedure is scheduled for February 18, 2015.

* * * * *

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

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 challenged this decision before the Milan Court of Appeals and, at the hearing for closing arguments, held on December 17, 2013, the Court granted to the parties the extended deadline provided pursuant to law for the filing of closing briefs and any counter-arguments. By a decision handed down on June 27, 2014, the Milan Court of Appeals fully upheld Edison's challenge, ordering the opposing parties to refund any amounts paid by the Company pursuant to the lower court's decision, plus interest and costs. This decisions has since become final, as the losing party failed to appeal it to the Court of Cassation.

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Contingent liabilities associated with legal disputes

The current status of the principal legal disputes that have arisen due to past events with regard to which there is a contingent liability dependent on the occurrence of events that are possible, but non probable, or are probable but their impact cannot be quantified reliably and are likely to result in a cash outlay of an amount that cannot reasonably be estimated based on available information is reviewed below:

Edison Spa

ACEA Unfair Competition

On August 7, 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. Within the framework of the proceedings before the Rome Lower Court, the Court handed down a decision finding that Edison had no standing as a defendant. By a filing notified on September 29, 2014, ACEA appealed this decision to the Rome Court of Appeals, which scheduled a hearing for June 3, 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. With regard to these proceedings, it is worth mentioning that, following the closing in 2013 of the Modica Court pursuant to recent legislation, territorial jurisdiction over the proceedings was transferred to the Court of Ragusa, where a preliminary hearing has not yet begun.

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. A decision by the Court is expected in the first half of 2015.

* * * * *

Probable liabilities associated with tax disputes

The following are the developments occurred with regard to 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

IRES, IRAP and VAT Assessments

With regard to the disputes deriving mainly from the general audit of Edison Spa by the Milan Tax Police Unit concerning corporate income taxes (IRES), regional taxes (IRAP) and VAT for the tax years from 2005 to 2010 (up to the starting date of the audit), at the end of September, the Milan Provincial Tax Commission issued orders staying the collection of the assessments for IRES, Robin Hood tax surcharge and IRAP for 2008, scheduling for next December a merit hearing regarding the disputes.
Also in September 2014, while the proceedings are pending, the Company paid the amount demanded by a payment order notified following an unfavorable decision regarding VAT for 2006, with regard to which a challenge before the Court of Cassation is currently being finalized.
The provision recognized in the financial statements for the abovementioned tax years takes into account the potential costs that could result if the smaller income tax and VAT assessments are upheld and the potential charges deriving from a settlement of these disputes, possibly on an out-of-court basis. The provision, which was increased during the year to reflect the potential costs entailed by these disputes, was partially utilized to pay additional VAT, while the proceedings are pending, while the charge for the payment made, while the proceedings are pending, for penalties related to the additional tax was suspended.

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 (now Revenue 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 (Level I) and IRAP assessments for 2005, which were notified in December 2010 and, basically, disallowed expenses found to be "not attributable", were confirmed by the Milan Provincial Tax Commission in a decision handed down in September 2014, which the Company will appeal within the required deadline.

As for the Level II assessments notified to Edison Spa and Edison Trading Spa in 2011, the favorable decision handed down by the Regional Tax Commission in January 2014 was appealed to the Court of Cassation by the Office of the Solicitor General, as representative of the Revenue Agency. The Company is in the process of filing a counterchallenge.

A favorable decision by the Provincial Tax Commission, which upheld the challenge filed regarding a notice of the imposition of IRES penalties for 2005 was also the subject of an appeal filed by the Revenue Agency and notified this past July.

A provision to cover probable charges that potentially could be incurred with regard to minor items has been recognized in the financial statements.

Edison Trading Spa – General Audit by the Revenue Police

There were no new developments requiring disclosure regarding the 2009 tax year, which has not yet been settled and is the subject of a general audit.

The provision recognized in the financial statements covers any charges that could potentially arise from the findings of the audit and the resulting dispute or negotiated settlement.

* * * * *

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

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

There were no new events requiring disclosure, except that the enforcement of the partially unfavorable decision handed down by the Campobasso Provincial Tax Commission regarding the ICI notices of assessment issued by the Termoli municipal administration for the 2007-2009 tax years has been stayed.

Other Group Companies

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

In September 2014, the Court of Cassation handed down a decision by which it quashed a decision, unfavorable to Company, handed down by the Regional Tax Commission in 2011 in the dispute concerning the customs VAT assessments for 2001, 2002 and 2003 of EDF Energia Italia, later absorbed by the Company, and sent the proceedings back to the lower court. The Court of Cassation referred the proceedings to a different section of the Regional Commission asking it to ascertain whether the reversed charge mechanism was applied to the contested transactions—as was in fact the case—and whether, consequently, this would cause double taxation if the customs VAT was also applied, in violation of E.U. principles. These proceedings will be resumed within the statutory deadline in the coming months.
If the occurrence of double taxation is confirmed, the customs VAT paid while the proceedings are in progress will have to be refunded by the Revenue Administration; in any event, please keep in mind that all charges resulting from this dispute are being borne by EDF International pursuant to the contractual guarantees provided at the time of acquisition and, consequently, any amounts refunded will have to be turned over to EDF International.

Contingent assets

There were no new developments requiring disclosure to those provided in the Condensed Consolidated Semiannual Financial Statements at June 30, 2014.

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 credits, 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, 2013 and in the Condensed Consolidated Semiannual Financial Statements at June 30 2014.

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 millions of 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, 2013.

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 September 30, 2014, which is 296.7 million euros (281.8 million euros at September 30, 2013). In other words, compared with the fair value determined for financial derivatives outstanding at September 30, 2014, the probability of a negative variance greater than 296.7 million euros by the end of 2014 is limited to 2.5% of the scenarios.

Profit at Risk (PaR)	**9 months 2014**		9 months 2013	
	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	**97.50%**	**296.7**	97.50%	281.8

The corresponding value at December 31, 2013 was 328.6 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 level of variance expected is higher than the level measured at September 30, 2013. This trend is attributable to the increase of derivatives activity which is due primarily to hedges for 2014, 2015 and 2016 related to the Hydrocarbon Operations.

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 nine months of 2014 by the Industrial Portfolio was equal to 106% of the approved limit (92% in the first nine months of 2013), with a peak of 138% in January 2014 (160% in January 2013) (and the approved limit was exceeded by an average of 17% during the first nine months of 2014 against 8% during the first nine months of 2013). With hedging, the average Economic Capital absorption in the first nine months of 2014 by the Industrial Portfolio was 58% (60% in the first nine months of 2013), with a peak of 94% in March 2014 (98% in January 2013).

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 3.4 million euros (3.7 million euros at September 30, 2013), with a stop loss limit of 17.7 million euros (19.5 million euros at September 30, 2013). The VaR limit was 24% utilized at September 30, 2014 (43% at September 30, 2013), with an average utilization of 32% for the period (45% in the same period of 2013).

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 52.9 million euros (58.6 million euros at September 30, 2013). This limit was 26% utilized at September 30, 2014 (47% at September 30, 2013), with an average utilization of 36% for the period (50% in the same period of 2013).

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).

The foreign exchange risk management objectives are described in specific Policies; the exposure to economic and transaction risk arising from exchange rate is managed in accordance with specific limits and strategies.

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	09.30.2014			12.31.2013 (*)		
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)	1,925	1,325	49%	2,626	2,046	66%
- variable rate portion	783	1,383	51%	484	1,064	34%
Total gross financial debt	**2,708**	**2,708**	**100%**	**3,110**	**3,110**	**100%**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

In the first nine months of 2014 the Edison Group did not execute significant financial transactions and did not change its strategy to manage the risk of interest rate fluctuations. On July 22, 2014, the derivative position hedging a 700-million-euro bond issue was closed out concurrently with the repayment of the bonds at their scheduled maturity. With regard to indebtedness and related hedges of other Group companies, it should be noted that a loan owed by Gever Spa and the related Interest Rate Swaps expired in the period and, further to an opportunity assessment by Edison Spa, an Interest Rate Swap originally taken out by Edison Energie Speciali Spa in connection with a loan already repaid was closed out early without a significant impact.

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 nine months of 2014 and provides a comparison with the same period in 2013.

Sensitivity analysis (in millions of euros)	9 months 2014 Impact on the income statement (P&L)			09.30.2014 Impact on the Cash Flow Hedge reserve (S.E.)		
	+50 bps	**base**	**-50 bps**	**+50 bps**	**base**	**-50 bps**
Edison Group	**51**	**46**	**40**	-	-	-

Sensitivity analysis (in millions of euros)	9 months 2013 (*) Impact on the income statement (P&L)			12.31.2013 Impact on the Cash Flow Hedge reserve (S.E.)		
	+50 bps	**base**	**-50 bps**	**+50 bps**	**base**	**-50 bps**
Edison Group	**53**	**42**	**37**	-	-	-

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

4. Credit Risk

The credit risk represents 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.

Edison Group is currently a party to contracts assigning trade receivables without recourse on a monthly revolving basis and by the transfer of the credit risk on a without recourse basis. The receivables assigned with such transactions during the first nine months of 2014 totaled 4,823 million euros (4,231 million euros at September 30, 2013). At September 30, 2014, the amount of receivables that were exposed to the risk of recourse was less than 1 million euros.

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 September 30, 2014, there were no significant exposures to risks related to a possible deterioration of the overall financial environment and no significant levels of concentration held by non-institutional individual counterparties.

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 decrease in outstanding receivables at September 30, 2014, compared with December 31, 2013, mainly reflects the seasonality effect.

The increase of 26% in the allowance for doubtful accounts reflects the composition of those receivables. The amount of the allowance for doubtful accounts is determined conservatively based on the different statuses of the underlying receivables - particularly for retail customer receivables - taking into account the aging of past-due receivables.

(in millions of euros)	**09.30.2014**	12.31.2013 (*)
Gross trade receivables	3,095	3,398
Allowance for doubtful accounts (-)	(377)	(300)
Trade receivables	**2,718**	**3,098**
Guarantees held (**)	555	538
Receivables less than 6 in arrears	328	440
Receivables 6 to 12 months in arrears	222	115
Receivables more than 12 months in arrears	533	542

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

(**) Including 110 million euros to hedge receivables outstanding at September 30, 2014.

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 September, 2014 by the Egyptian General Petroleum Corporation (EGPC) (269 million euros), increased by 34 million euros compared with December 31, 2013. Please also note that the Group negotiated extended payment terms with EGPC for past-due receivables, which were discounted taking also into account Egypt's country risk.

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; therefore, the aggregate liability amount, evaluated in this manner, is larger than the gross financial debt amount used to compute the Group's net financial debt. 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)	09.30.2014			12.31.2013 (*)		
	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	23	516	670	16	753	1,186
Financial debt and other financial liabilities	78	367	1,096	65	80	1,099
Trade payables	2,101	32	-	2,148	29	-
Total	**2,202**	**915**	**1,766**	**2,229**	**862**	**2,285**
Guarantees provided to third parties (**)	**411**	**432**	**394**	**387**	**301**	**617**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".
(**) 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 financial debt maturing within three months past September 30, 2014, (101 million euros) are referred to instalments due on facilities plus accrued interest in accordance with scheduled amortization plans.

The financial debt maturing after three months and within one year, which totaled 883 million euros, mainly refers to a bond issue with a face value of 500 million euros, plus accrued interest, maturing on March 17, 2015 and to 350 million euros drawn down on a revolving credit line provided by EDF Sa in April 2013 and maturing on April 9, 2015.

The financial debt maturing after one year, which totaled 1,766 million euros, includes a bond issue with a face value of 600 million euros, maturing on November 10, 2017, a loan from EDF Investissements Groupe Sa for 800 million euros, maturing on April 9, 2020, and the amount drawn down on a medium/long-term direct credit line provided by the European Investment Bank (EIB) to finance gas storage projects.

The Group's projected cash flow dynamics do not indicate further actions to meet cash needs in the coming months.

More specifically, thanks to the refinancing plan implemented last year, at this point, Edison's short-term cash flow flexibility appears to be more than adequate.

At September 30, 2014 were available for a total amount of 750 million euros:

- the revolving credit line provided by EDF Sa in April 2013 for an amount of 250 million euros, expiring on April 9, 2015.

- the Revolving Credit Facility, provided by a group of banks on a Club Deal basis pursuant to an agreement executed on July 10, 2013, for its full amount of 500 million euros, expiring on January 7, 2015.

In addition, the amount up to 199 million euros was potentially available through the centralized cash management account established by Edison Spa with EDF Sa. Lastly, please note that Edison Group held liquid assets totaling 407 million euros at September 30, 2014.

However, Edison is considering whether to refinance its short-term financial borrowing, maturing in the first quarter of 2015, so as to maintain an adequate level of financial flexibility, allowing to cope safely its monetary commitments.

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 two bond issues floated by the Group (Euro Medium Term Notes) with a total face value of 1,100 million euros were outstanding at September 30, 2014:

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturity	Face value (in millions of euros)	Coupon	Current rate
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 1,614 million euros, the unused portion of which was 255 million euros at September 30, 2014, and syndicated facilities amounting to 500 million euros fully unused at September 30, 2014.

With regard to the transactions currently outstanding, including the corresponding loan agreements and bond indentures and the covenants they include, nothing changed compared with December 31, 2013. Additional information can be found in the extensive remarks provided in the notes to the Consolidated Financial Statements at December 31, 2013.

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 this time, as at December 31, 2013, the Group hold a category of instruments classified at this level.

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.

Effects of Hedging Derivative and Trading Transactions on the Income Statement and Balance Sheet in the first nine months of 2014

The disclosure below provides an analysis of the financial results generated by derivative hedging and trading transactions at September 30, 2014, including the effects of physical energy commodity contracts.

(in millions of euros)	Realized during the period (A)	Fair value recognized for contracts outstanding at 12.31.2013 (B)	*Portion of (B) contracts realized during the period (B1)*	Fair value recognized for contracts outstanding at 09.30.2014 (C)	Change in fair value in the period (D)=(C-B)	Amounts recognized in earnings at 09.30.2014 (A+D)	Amounts recognized in earnings at 09.30.2013
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) (**)	154	17	6	6	(11)	143	110
- not definable as hedges pursuant to IAS 39	122	28	18	92	64	186	40
Exchange risk hedges for commodities							
- definable as hedges pursuant to IAS 39 (CFH) (**)	-	-	-	19	19	19	(1)
- not definable as hedges pursuant to IAS 39	1	2	2	1	(1)	-	2
Margin on trading activities							
- Sales revenues from physical contracts included in the Trading Portfolios (***)	4,637	222	189	189	(33)	4,604	2,841
- Raw materials and services used from physical contracts included in the Trading Portfolios (***) (&)	(4,449)	(180)	(160)	(160)	20	(4,429)	(2,756)
Total margin on physical trading activities	*188*	*42*	*29*	*29*	*(13)*	*175*	*85*
Total (A)	**465**	**89**	**55**	**147**	**58**	**523**	**236**
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) (**)	(21)	(1)	(1)	(2)	(1)	(22)	(52)
- not definable as hedges pursuant to IAS 39	(102)	(55)	(20)	(10)	45	(57)	(33)
Exchange risk hedges for commodities							
- definable as hedges pursuant to IAS 39 (CFH) (*) (**)	(57)	-	-	(1)	(1)	(58)	(66)
- not definable as hedges pursuant to IAS 39	(8)	(8)	(7)	(2)	6	(2)	(15)
Margin on financial trading activities							
- Other revenues and income from derivatives included in the Trading Portfolios (****)	27	29	25	26	(3)	24	39
- Raw materials and services used from derivatives included in the Trading Portfolios (****)	(175)	(45)	(32)	(35)	10	(165)	(87)
Total margin on financial trading activities	*(148)*	*(16)*	*(7)*	*(9)*	*7*	*(141)*	*(48)*
Total (B)	**(336)**	**(80)**	**(35)**	**(24)**	**56**	**(280)**	**(214)**
TOTAL INCLUDED IN EBIT (A+B)	**129**	**9**	**20**	**123**	**114**	**243**	**22**
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)	39	56	12	62	6	45	23
- not definable as hedges pursuant to IAS 39	17	4	2	-	(4)	13	19
Total financial income (C)	**56**	**60**	**14**	**62**	**2**	**58**	**42**
Financial expense							
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-	-
- definable as hedges pursuant to IAS 39 (FVH)	(27)	-	-	-	-	(27)	(28)
- not definable as hedges pursuant to IAS 39	(28)	(14)	(3)	(2)	12	(16)	(15)
Total financial expense (D)	**(55)**	**(14)**	**(3)**	**(2)**	**12**	**(43)**	**(43)**
Margin on interest rate hedging transactions (C+D)=(E)	**1**	**46**	**11**	**60**	**14**	**15**	**(1)**
Foreign exchange rate hedges broken down as follows:							
Foreign exchange gains							
- definable as hedges pursuant to IAS 39	11	1	1	-	(1)	10	32
- not definable as hedges pursuant to IAS 39	7	1	1	2	1	8	32
Total foreign exchange gains (F)	**18**	**2**	**2**	**2**	**-**	**18**	**64**
Foreign exchange losses							
- definable as hedges pursuant to IAS 39	(11)	(1)	(1)	(1)	-	(11)	(26)
- not definable as hedges pursuant to IAS 39	(3)	(2)	(2)	-	2	(1)	(22)
Total foreign exchange losses (G)	**(14)**	**(3)**	**(3)**	**(1)**	**2**	**(12)**	**(48)**
Margin on foreign exchange hedging transactions (F+G)= (H)	**4**	**(1)**	**(1)**	**1**	**2**	**6**	**16**
TOTAL INCLUDED IN NET FINANCIAL INCOME (EXPENSE) (E+H) (see Note 8 to the Income Statement)	**5**	**45**	**10**	**61**	**16**	**21**	**15**

(*) 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 positive for 1 million euros at 09.30.2014.

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)	**09.30.2014**		12.31.2013 (*)	
	Receivables	**Payables**	Receivables	Payables
Foreign exchange transactions	230	(16)	16	(159)
Interest rate transactions	62	(2)	60	(14)
Commodity transactions	356	(313)	452	(296)
Fair value recognized as current assets or current liability (a)	**648**	**(331)**	**528**	**(469)**
Broken down as follows:				
- recognized as "Trade receivables and payables"	189	(161)	222	(180)
- recognized as "Other receivables and payables"	397	(168)	246	(275)
- recognized as "Current financial assets" and "Short-term financial debt"	62	(2)	60	(14)
Broken down on fair value hierarchy:				
- Level 1	13	(15)	19	(22)
- Level 2	633	(313)	502	(436)
- Level 3 (**)	2	(3)	7	(11)
IFRS 7 potential ofsetting (b)	**(193)**	**193**	**(216)**	**216**
Potential net Fair Value (a+b)	**455**	**(138)**	**312**	**(253)**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

(**) The fair value classified at Level 3 is recognized for a non material amount as part of the pysical trading margin included in Sales revenues (2 million euros as revenues and 2 million euros as costs) and for -1 million euros in Raw material and services used.

With regard to these items, please note that a positive Cash Flow Hedge reserve amounting to 130 million euros, before the corresponding deferred-tax assets and liabilities, was recognized in connection with the receivables and payables shown above.

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 September 30, 2014 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.

(in millions of euros)	*Related Parties pursuant to IAS 24*			**Total for related parties**	**Total for financial stat. line item**	**Impact %**
	With unconsolidated Edison Group companies	*With controlling companies*	*With other EDF Group companies*			
Balance Sheet transactions:						
Investments in associates	148	-	-	**148**	**148**	**100.0%**
Other financial asset	5	-	-	**5**	**39**	**12.8%**
Trade receivables	2	-	74	**76**	**2,718**	**2.8%**
Other receivables	5	167	4	**176**	**997**	**17.7%**
Current financial assets	86	-	-	**86**	**156**	**55.1%**
Cash and cash equivalents	-	145	-	**145**	**407**	**35.6%**
Long-term financial debt and other financial liabilities	-	-	796	**796**	**1,014**	**78.5%**
Short-term financial debt	16	351	10	**377**	**527**	**71.5%**
Trade payables	3	2	65	**70**	**2,133**	**3.3%**
Other payables	1	213	3	**217**	**767**	**28.3%**
Income Statement transactions:						
Sales revenues	3	-	237	**240**	**8,794**	**2.7%**
Other revenues and income	1	1	33	**35**	**470**	**7.4%**
Raw materials and services used	(22)	(11)	(190)	**(223)**	**(8,540)**	**2.6%**
Financial income	6	-	-	**6**	**77**	**7.8%**
Financial expense	-	(3)	(17)	**(20)**	**(173)**	**11.6%**
Net foreign exchange translation gains (losses)	-	1	-	**1**	**(3)**	**(33.3%)**

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 hedging exchange rate risk, 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 Spa;
- 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 September 30, 2014 showed a credit of 2 million euros.

Consolidated IRES Return

Starting in 2013, for the three-year period from 2013 to 2015, Edison Spa and its principal subsidiaries agreed to be included in the consolidated corporate income tax (IRES) return filed by WGRM (now Transalpina di Energia Spa). The relationships between the filers of the consolidated tax return are governed by special agreements.

Consequently, the companies included in the consolidated corporate income tax (IRES) return will determine their IRES liability in coordination with the Group's controlling 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 6.5%. 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 September 30, 2014, the current account established with EDF Sa has a positive balance for 145 million euros, which includes 15 million euros held by the subsidiary EDF Production UK acquired in October 2013.

Loan by EDF Sa

It is worth mentioning that in April 2013 EDF Sa granted to Edison Spa a credit line, for a face amount of 600 million euros and with maturity on April 9, 2015, which had been drawn down for 350 million euros at September 30, 2014. The loan was provided on terms in line with those granted in the financial market to companies with Edison's credit rating.

With regard to contracts for services rendered by EDF Sa (mainly financial and insurance) and other recharges of expenses, the costs for the period amounted to about 11 million euros.

B) Transactions with Other EDF Group Companies

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

1) Commercial Transactions

Transactions executed are the following:

- With Fenice Spa, sales revenues of about 26 million euros, mainly from sales of natural gas.
- With EDF Trading Ltd, energy and gas sales revenues of 261 million euros and costs of 134 million euros stemming from sales and purchases of commodities.
- With EDF Trading Ltd as part of the physical trading activity, revenues of 421 million euros and costs of 471 million euros, amounts included in "Sales revenues" on a net basis and as part of financial trading activity, revenues of 2 million euros and costs of 31 million euros, amounts recorded on a net basis in "Raw materials and services used".
- With EDF Trading Ltd relating to commodity derivatives, revenues of 32 million euros and cost of 26 million euros, respectively recorded in "Other Revenues and Income" and "Raw materials and services used" in the item "Realized commodity derivatives".

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

2) Financial Transactions

The only financial transaction with another company of the EDF Group is reviewed below:

Loan by EDF Investissement Groupe Sa

It is worth mentioning that 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 September 30, 2014. The loan was provided on terms in line with those granted in the financial market to companies with Edison's credit rating.

OTHER INFORMATION

Significant Nonrecurring Events and Transactions

Pursuant to CONSOB Communication No. DEM/6064293 of July 28, 2006, please note that the arbitration with Promgas for the revision of the price of the long term natural gas contract from Russia was concluded in the month of August 2014.

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 nine months of 2014, as defined in the CONSOB Communication No. DEM/6064293 of July 28, 2006.

Milan, November 12, 2014

The Board of Directors
By Bruno Lescoeur
Chief Executive Officer

SIGNIFICANT EVENTS OCCURRING AFTER SEPTEMBER 30, 2014

Edison, EDF Energies Nouvelles (EDF Group) and F2i in an Agreement to Create a New Renewable Energy Hub: Developments Occurring After September 30, 2014

On July 31, 2014, F2i, Edison and EDF Energies Nouvelles executed an agreement creating Italy's third largest operator in the renewable energy sector that, following the combination of the facilities operated by Edison Energie Speciali (EDENS) and of some of the facilities that EDF EN Italia operates, will control about 600 MW of capacity (mainly wind power).

The transaction will require, once all contractually stipulated conditions precedent are satisfied, the sale to F2i of a 70% interest in the new company resulting from the reorganization.

Under an innovative business model, Edison will take delivery at a fixed price of all of the energy produced by the new renewable energy hub, optimizing it with its production portfolio, while the management company will handle O&M activities, guaranteeing technical performance and plant availability. This approach will deliver the full benefit from the existing industrial and operational competencies, while minimizing market and operational risks for the new company.

This transaction, closed in November, did not have any impact on the Quarterly Report at September 30, 2014, as only the following preparatory activities were carried out as of that date:

- the establishment of Energy O&M Solutions Srl, a wholly owned subsidiary of Edison Spa not yet operational;
- a change in the name of Edison Energie Speciali Sicilia Srl, which became Edison Partecipazioni Energie Rinnovabili Srl and is now a wholly owned subsidiary of Edison Spa.

In October 2014, in implementation of earlier agreements, the parties implemented a series of corporate transactions aimed at reorganizing their activities in the renewable energy segment, which included the reallocation of some assets between the Edison Group and the EDF Energies Nouvelles Group.

More specifically:

- EDF EN Italia and EDF EN Partecipazioni Italia Srl transferred to EDENS, respectively, Gargano Energia Srl and FRI-EL Campania Srl, two companies active in the renewable energy sector;
- the acquired companies, FRI-EL Campania Srl and Gargano Energia Srl, and Parco Eolico San Francesco Srl, already a wholly owned subsidiary, were merged into EDENS; subsequent

to these transactions, Edison Spa sold its 100% stake in EDENS to Edison Partecipazioni Energie Rinnovabili Srl, which became its new controlling company;

- Energy O&M Solutions, a company established in September 2014, received the operations divested by EDENS that provide Operations & Maintenance services for the facilities; subsequently, (i) Edison Spa sold its 70% interest in the capital of the abovementioned company to EDF EN Services Sa, a company of the EDF Energies Nouvelles Group; (ii) the company changed its name to EDF EN Services Italia Srl;
- Edison Spa then sold its 16.7% in the capital of Edison Partecipazioni Energie Rinnovabili Srl to EDF EN Partecipazioni Italia Srl, a company of the EDF Energies Nouvelles Group.

On November 6, 2014 took place the closing among Edison, EDF Energies Nouvelles and F2i with the transfer of the 70% stake in EDENS to F2i; Edison Partecipazioni Energie Rinnovabili Srl holds the remaining 30% stake in EDENS.

In accordance with the international accounting principles in effect as of January 1, 2014 and the agreed governance, Edison will consolidate the new renewable energy hub on a line-by-line basis.

SCOPE OF CONSOLIDATION

at September 30, 2014

SCOPE OF CONSOLIDATION AT SEPTEMBER 30, 2014

List of equity investments

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 09.30.2014	Consolidated Group interest (a) 12.31.2013	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 Energia Spa (single shareholder)	-	-	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	22,500,000	100.00	100.00	100.00	Edison Spa	-	-	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	5,000,000	100.00	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 Partecipazioni Energie Rinnovabili Srl (single shareholder) ex Edison Energie Speciali Sicilia Srl (single shareholder)	Milan (IT)	EUR	20,000	100.00	100.00	100.00	Edison Energie Speciali Spa (single shareholder)	-	-	S	(i)
Edison Trading Spa (single shareholder)	Milan (IT)	EUR	30,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Energy O&M Solutions Srl (single shareholder)	Milan (IT)	EUR	10,000	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	(i)
Sistemi di Energia Spa	Milan (IT)	EUR	10,083,205	86.12	86.12	86.12	Edison Spa	-	-	S	(i)
Società Idroelettrica Calabrese Srl (single shareholder)	Milan (IT)	EUR	10,000	100.00	-	100.00	Edison Spa	-	-	S	(i)
Termica Cologno Srl	Milan (IT)	EUR	9,296,220	65.00	65.00	65.00	Edison Spa	-	-	S	(i)
Termica Milazzo Srl	Milan (IT)	EUR	23,241,000	60.00	60.00	60.00	Edison Spa	-	-	S	(i)
Hydrocarbons Operations											
Amg Gas Srl	Palermo (IT)	EUR	100,000	80.00	80.00	80.00	Edison Spa	-	-	S	(i)
CSE Srl (single shareholder) - Hydrocarbons Activities	Pavia (IT)	EUR	12,440	100.00	100.00	100.00	Edison Energia Spa (single shareholder)	-	-	S	(i)
Edf Production UK Ltd	Richmond Upon Thames Surrey (GB)	GBP	81,867,411	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison D.G. Spa (single shareholder)	Selvazzano Dentro (PD) (IT)	EUR	460,000	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) 09.30.2014	Consolidated Group interest (a) 12.31.2013	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 Energia Spa (single shareholder) - Hydrocarbons Activities	Milan (IT)	EUR	22,500,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison Energy Solutions Spa (single shareholder) - Hydrocarbons Activities	Milan (IT)	EUR	5,000,000	100.00	100.00	100.00	Edison Energia Spa (single shareholder)	-	-	S	(i)
Edison Idrocarburi Sicilia Srl (single shareholder)	Ragusa (IT)	EUR	1,000,000	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)
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	-
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 Development Bv	Amsterdam (NL)	EUR	18,018,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison International Holding Nv	Amsterdam (NL)	EUR	123,500,000	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) 09.30.2014	Consolidated Group interest (a) 12.31.2013	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											
Kinopraxia Thisvi	N. Kiffissia (GR)	EUR	20,000	65.00	65.00	65.00	Edison Engineering Sa	-	-	JO	(iii)

List of Equity Investments (continued)

B) Investments in companies valued by the equity method

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2013	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
Abu Qir Petroleum Company	Alexandria (ET)	EGP	20,000	50.00	50.00	Edison International Spa (single shareholder)	-	-	-	JV	(iv)(v)
Ed-Ina D.o.o.	Zagreb (HR)	HRK	20,000	50.00	50.00	Edison International Spa (single shareholder)	-	-	-	JV	(iv)
Elpedison Bv	Amsterdam (NL)	EUR	1,000,000	50.00	50.00	Edison International Holding Nv	-	-	33.2(*)	JV	(iv)
Fayoum Petroleum Co - Petrofayoum	Cairo (ET)	EGP	20,000	30.00	30.00	Edison International Spa (single shareholder)	-	-	-	JV	(iv)(v)
Ibiritermo Sa	Ibirité - Estado de Minas Gerais (BR)	BRL	7,651,814	50.00	50.00	Edison Spa	-	-	25.0	JV	(iv)
IGI Poseidon Sa-Nat. Gas Subm. Interc. Gre-Ita-Poseidon	Herakleio Attiki (GR)	EUR	26,400,000	50.00	50.00	Edison International Holding Nv	-	-	3.3(**)	JV	(iv)
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA) (IT)	EUR	10,200	50.00	50.00	Edison Energie Speciali Spa (single shareholder)	-	-	0.8	JV	(iv)
Sel Edison Spa	Castelbello (BZ) (IT)	EUR	84,798,000	42.00	42.00	Edison Spa	-	-	37.8	JV	(iv)
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	-	-	0.8	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 - Es Scarl	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	-	-	1.5	AC	-
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Edison Spa	-	-	4.2	AC	-
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison Spa	-	-	20.0	AC	-
Soc. Svil. Rea. Gest. Gasdot. Alg-ITA V. Sardeg. Galsi Spa	Milan (IT)	EUR	37,419,179		20.82	Edison Spa	-	-	15.7	AC	-
Total investments in companies valued by the equity method									**145.2**		

(*) The carrying value includes the valuation of Elpedison Energy SA and Elpedison Power SA.

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2013	Interest held in share capital % (b)	Interest held in share capital by	Type of investment relationship (e)	Notes
Elpedison Energy Sa	Marousi Athens (GR)	EUR	1,435,600	50.00	100.00	Elpedison Bv	JV	(iv)
Elpedison Power Sa	Marousi Athens (GR)	EUR	98,198,000	37.89	75.78	Elpedison Bv	JV	(iv)

(**) The carrying value includes the valuation of ICGB AD.

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2013	Interest held in share capital % (b)	Interest held in share capital by	Type of investment relationship (e)	Notes
ICGB AD	Sofia (BG)	BGL	12,517,320	25.00	50.00	IGI Poseidon Sa - Nat. Gas Subm. Interc. Gre-Ita-Poseidon	JV	(iv)

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2013	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
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	-
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) 12.31.2013	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
D) Investments in other companies valued at fair value											
D.1) Investments held for trading											
Acsm-Agam Spa	Monza (IT)	EUR	76,619,105		1.94	Edison Spa	-	-	1.8	NG	-
Amsc-American Superconductor	Devens (US)	USD	681,396		0.25	Edison Spa	-	-	0.2	NG	-
Hera Spa	Bologna (IT)	EUR	1,489,538,745		0.20	Edison Spa	-	-	6.2	NG	-
D.2) Available-for-sale investments											
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	2,818,277		14.45	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	475,134,602.10		0.90	Edison Spa	-	-	5.0	NG	-
Syremont Spa	Messina (IT)	EUR	1,550,000		19.35	Edison Spa	-	-	-	AC	(ii)
Terminale GNL Adriatico Srl	Milan (IT)	EUR	200,000,000		7.30	Edison Spa	-	-	167.0	NG	-
Total investments in other companies valued at fair value									**185.1**		
Total equity investments									**332.7**		

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; JO = joint operation; 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) From January 1, 2014, company valuated with equity method according to IFRS 11.

(v) Operating Company acting as Agent of Edison International Spa, it should be noted that the relationships regaled on behalf of it in the execution of the Concession Agreements continue to be consolidated line by line through the separated financial statements of the company.

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

CERTIFICATION

Pursuant to article 154-*bis*, Section 2, of Legislative Decree No. 58/1998

As required by Article 154-*bis*, Section 2, of the Uniform Finance Law (Legislative Decree No. 58/1998), Didier Calvez and Roberto Buccelli, in their capacity as “Dirigenti preposti alla redazione dei documenti contabili societari” of Edison Spa, declare that the accounting information contained in this Quarterly Report at September 30, 2014 is consistent with the data in documents, accounting records and other records.

Milan, November 12, 2014

“I Dirigenti preposti alla redazione
dei documenti contabili societari”
Didier Calvez
Roberto Buccelli