QUARTERLY REPORT
at March 31, 2016

EDISON

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QUARTERLY REPORT AT MARCH 31, 2016

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Certification Pursuant to Article 154-bis, Section 2, of Legislative Decree No. 58/1998 62

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

EDISON AT A GLANCE

(Data at December 31, 2015)

GROUP PROFILE

The energy of the future becomes more sustainable: renewable sources, energy efficiency, new services for customers, digitalization. A whole new way to look at energy as an indispensable value for the quality of life and the competitiveness of companies. The key to this future is innovation. A challenge that Edison is glad to accept, keeping alive the pioneering spirit that guided up to now the development of Europe's oldest energy company.

Edison is one of the top energy companies in Italy and Europe, with operation in more than 10 countries around the globe and a staff of more than 3,000 people in its two main areas of business: electric power and hydrocarbons (natural gas and crude oil).

Thanks to a highly efficient and diversified portfolio of electric power generating facilities ranging from combined-cycle gas turbine (CCGT) plants to hydroelectric stations, wind farms, and solar and biomass systems, Edison produced 18.5 Terawatt/hour of electricity in 2015, accounting for 6.8% of Italy's electric power production.

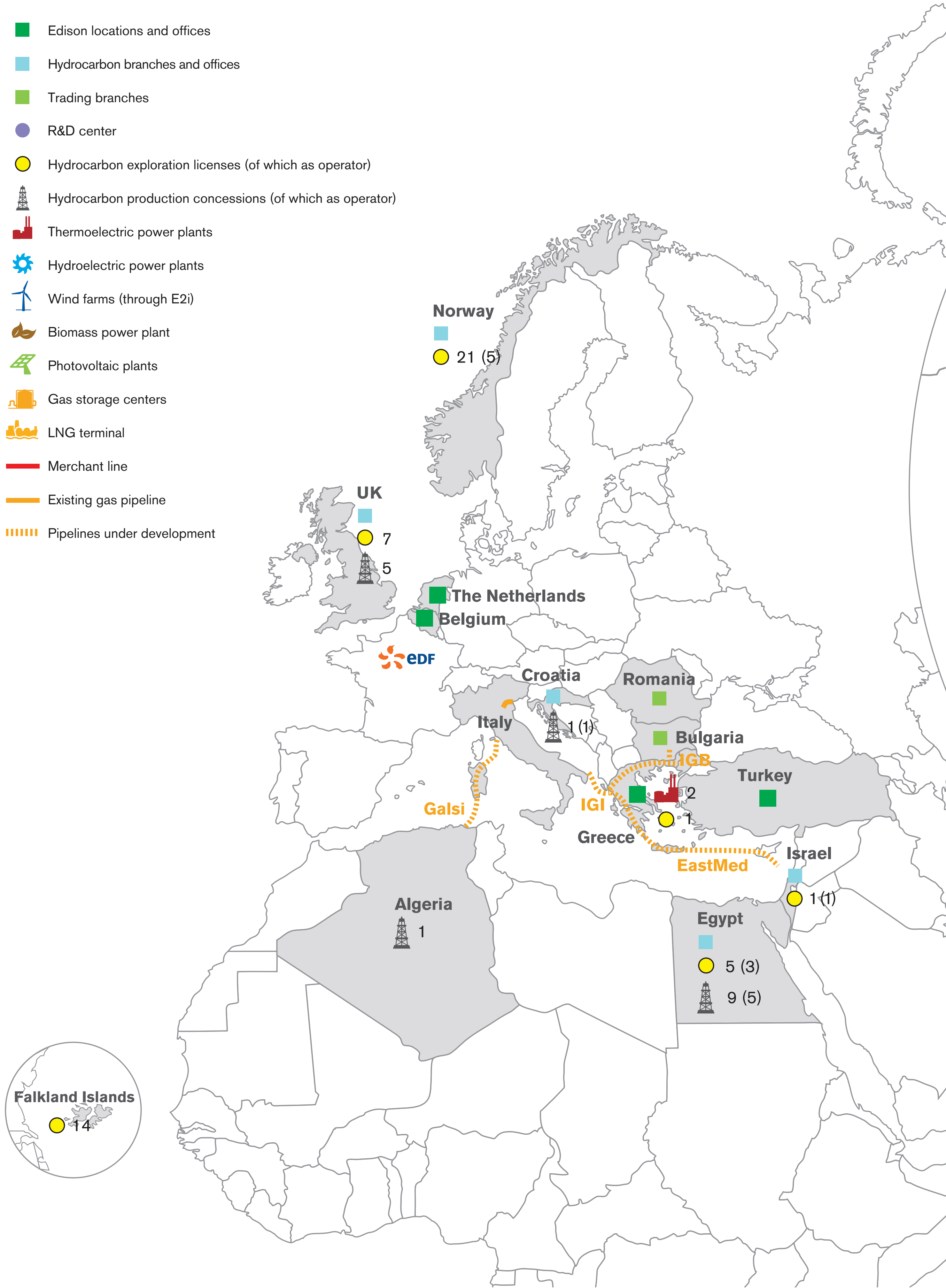
In the hydrocarbons business, Edison operates in Italy, Europe, the Middle East, Africa and South America, where it holds over 100 concessions and permits for the exploration and production of natural gas and crude oil, with reserves of 257.5 million barrels of oil equivalent. In 2015, Edison imported 12.7 billion of cubic meters of gas, covering 21% of Italy's total gas imports and contributing to the safety of the national energy system.

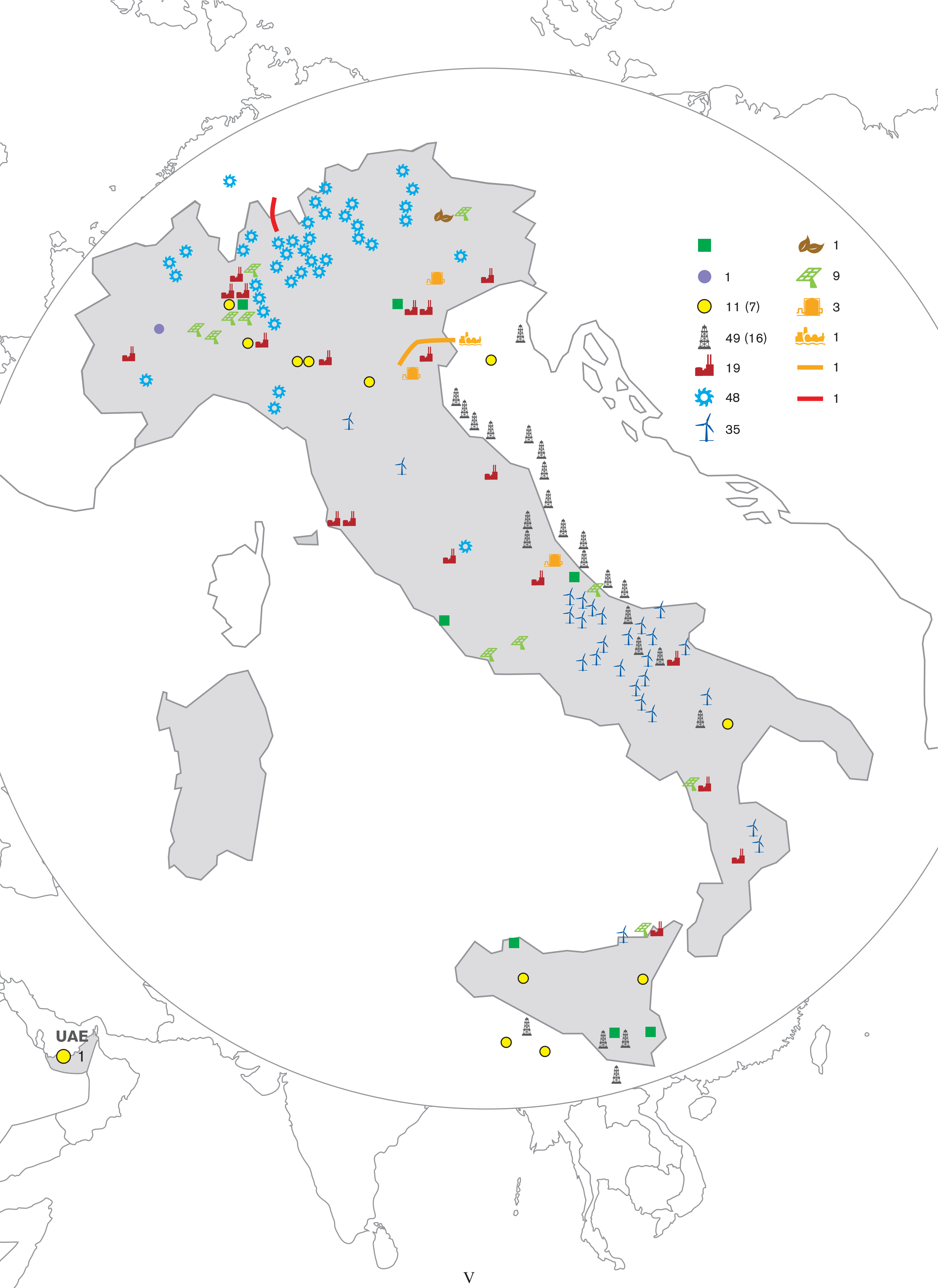
Edison sells electric power and natural gas to end customers, together with innovative energy efficiency services and solutions. In Italy, about 1.2 million business and residential customers trust Edison with managing their energy needs.

The Group is also committed to developing new gas procurement infrastructures for Italy and Europe and, through its subsidiaries, manages the transmission, storage and distribution of natural gas. Edison also engages in trading activities in electric power, gas and commodities in general.

Since 2012, Edison has been part of the EDF (Electricité de France) Group. Edison is listed on the Italian Stock Exchange, limited to its saving shares.

OPERATIONAL PRESENCE (data at December 31, 2015)





1
11 (7)
49 (16)
19
48
35
1
9
3
1
1
1
UAE
1

VALUE CHAIN (data at December 31, 2015)

ACTIVITY

Upstream

Power assets

Management and development of generating electric facilities in Italy and abroad

ELECTRIC POWER

7.0 GW net installed capacity

1 HV merchant power line (150 MW)

18.5 TWh net production

48 hydroelectric power plants
21 thermoelectric power plants
35 wind farms
9 photovoltaic systems
1 biomass power plant

257.5 MBoe hydrocarbon reserves

16.7 MBoe hydrocarbon production
4.7 MBoe Italy
12.0 MBoe abroad

126 concessions, permits and licenses
60 in Italy
66 abroad

HYDROCARBONS

Hydrocarbon exploration, development and production in Italy and abroad

Exploration & Production

Midstream

Energy Management

Dispatching portfolio, optimization and energy trading

89.4 TWh volumes handled

17.6 bn m^3

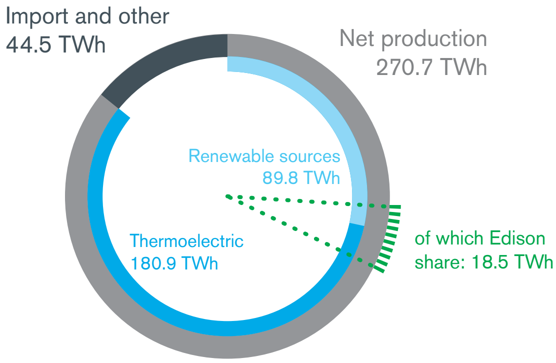
Management of long-term procurement contracts, logistics, supply of gas to the thermoelectric and wholesale markets

Gas Midstream, energy management & optimization

ITALIAN MARKET

Electric power

2015 - Total gross Italian demand 315.2 TWh



6.8%
Edison's share of total Italian production

Downstream

Electric power sold to end customers

17.1 TWh

1,153,000
sites served

Marketing Sales & Energy services

4 gas pipeline projects

3 storage centers

1 LNG terminal
(8 bn m^3/year, 6.4 bn of which used by Edison)

80 km of high pressure gas pipelines

3,580 km of low and medium pressure gas pipelines

Gas sold for residential and industrial uses

6 bn m^3

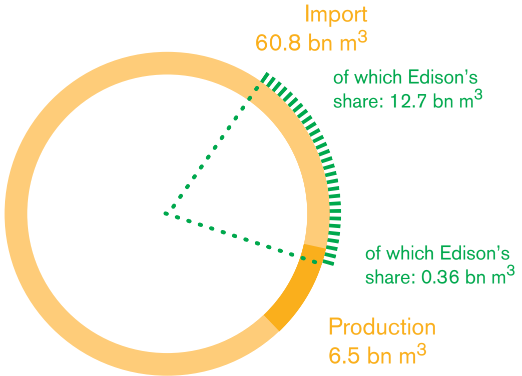
Development of gas transmission infrastructures in Italy and abroad

Storage management, gas transmission and distribution in Italy

(Gas regulated assets)

Gas

2015 - Total Italian demand 66.9 bn m^3



21%
Edison's share of total Italian imports

6%
Edison's share of total Italian production

INFORMATION ABOUT EDISON SHARES

Shares at March 31, 2016	Number	Price
Common shares	5,181,545,824	(*)
Savings shares	110,154,847	0.8510

Shareholders with significant holdings at March 31, 2016	% voting rights	% interest held
Transalpina di Energia Spa (1)	99.476%	97.405%

(1) 100% indirectly controlled by EDF Eléctricité de France Sa.
(*) Delisted since September 10, 2012.

CORPORATE GOVERNANCE BODIES

At March 31, 2016

Board of Directors (1)

Chairman		Jean-Bernard Lévy (2)
Chief Executive Officer		Marc Benayoun (3)
Directors		Marie-Christine Aulagnon (4)
		Béatrice Bigois (5)
	Independent Director	Paolo Di Benedetto (6)
	Independent Director	Gian Maria Gros-Pietro (7)
		Sylvie Jéhanno
	Independent Director	Nathalie Tocci (8)
		Nicole Verdier-Naves (9)
Secretary of the Board of Directors		Lucrezia Geraci

Board of Statutory Auditors (10)

Chairperson	Serenella Rossi
Statutory Auditors	Giuseppe Cagliero
	Leonello Schinasi

Independent Auditors (11) — Deloitte & Touche Spa

(1) Elected by the Shareholders' Meeting of March 22, 2016 for a three-year period ending with the Shareholders' Meeting convened to approve the 2018 annual financial statements.
(2) Confirmed as Chairman by the Shareholders' Meeting of March 22, 2016.
(3) Confirmed Chief Executive Officer by the Board of Directors on March 22, 2016.
(4) Member of the Control and Risks Committee.
(5) Chairman of the Control and Risk Committee.
(6) Chairman of the Compensation Committee and member of the Control and Risk Committee, the Committee of Independent Directors and the Oversight Board.
(7) Chairman of the Committee of Independent Directors, Lead Independent Director and member of the Control and Risk Committee, the Compensation Committee and the Oversight Board.
(8) Member of the Compensation Committee and the Committee of Independent Directors.
(9) Member of the Compensation Committee.
(10) Elected by the Shareholders' Meeting of March 28, 2014 for a three-year period ending with the Shareholders' Meeting convened to approve the 2016 annual financial statements.
(11) Audit engagement awarded by the Shareholders' Meeting on April 26, 2011 for the nine-year period from 2011 to 2019.

REPORT ON OPERATIONS
AT MARCH 31, 2016

HIGHLIGHTS OF THE GROUP

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.

2015 full year	Income statement highlights (in millions of euros)	1st quarter 2016	1st quarter 2015	% change
11,313	Sales revenues	3,026	3,147	*(3.8%)*
1,261	EBITDA	172	51	*n.m.*
11.1%	*as a % of sales revenues*	*5.7%*	*1.6%*	-
(795)	EBIT	(34)	(119)	*71.4%*
n.m.	*as a % of sales revenues*	*n.m.*	*n.m.*	-
(980)	Group interest in profit (loss)	(76)	(153)	*50.3%*
12.31.2015	**Balance sheet highlights (in millions of euros)**	**03.31.2016**	**03.31.2015**	**% change**
389	Capital expenditures	70	57	*22.8%*
139	Investments in exploration	25	41	*(39.0%)*
7,023	Net invested capital (A + B)[1]	6,985	8,720	*(0.5%)*
1,147	Net financial debt (A)[1][2]	1,141	1,603	*(0.5%)*
5,876	Total shareholders' equity (B)[1]	5,844	7,117	*(0.5%)*
5,439	Shareholders' equity attributable to Parent Company shareholders[1]	5,475	6,603	*0.7%*
	Rating	**03.31.2016**	**12.31.2015**	
	Standard & Poor's			
	-Medium/long-term rating	BBB+	BBB+	
	-Medium/long-term outlook	Watch Negative	Negative	
	-Short-term rating	A-2	A-2	
	Moody's			
	-Rating	Baa3	Baa3	
	-Medium/long-term outlook	Under review for possible downgrade	Stable	

(1) End-of-period data. The changes are computed against the data at December 31, 2015.

(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.

KEY EVENTS

Gazprom, Depa and Edison sign a Memorandum of Understanding

On February 24, 2016, Gazprom, Edison and Depa signed the "Memorandum of Understanding in relation to the supply of gas from Russia through the Black Sea to Greece and Italy" to develop a gas pipeline project between Greece and Italy in order to open a new supply route of natural gas.

The agreement underscores the interest of the parties in creating a new natural gas transport route from Russia - through the Black Sea and third countries - towards Greece and from Greece to Italy. The parties wish to utilise the work already carried out by Edison and Depa in relation to the ITGI Poseidon project to the greatest extent possible to this effect.

Contribution in kind of Fenice to Edison

On March 22, 2016, the Shareholders' Meeting of Edison Spa approved the transfer to Edison, by its controlling shareholder, Transalpina di Energia Spa, of 100% of its stake in Fenice Spa, the EDF group company that provides energy and environmental services and operates in Italy and, through three subsidiaries, in Poland, Spain and Russia.

The operation, which provided for a capital increase by contribution in kind reserved to Transalpina di Energia Spa of a total of 247 million euros, 85.3 million of which as an increase in authorised capital and 161.7 million as a premium, was carried out on March 22, 2016 and became effective on April 1, 2016, after completing the reviews pursuant to law.

With this transaction Edison aims to become a key player on the Italian energy services market in accordance with its strategic objectives, strengthening and diversifying its range of products and services. The Group will be able to develop and strengthen its position in the energy services market through the value of the Edison brand and its customer portfolio, and to capitalize on the position and skills of Fenice in its market segment, while simultaneously expanding its range of products and services to small-medium sized companies and the service sectors and Public Administration.

Fenice ended 2015 with sales revenues of about 400 million euros and an EBITDA of 85 million euros. Further to this operation, Fenice's results will be consolidated line by line into Edison's starting from the date the transfer takes effect.

Significant Events Occurring After March 31, 2016

Information about events occurring after the end of the period covered by this report is provided under the section "Significant Events Occurring After March 31, 2016" in the Review of the Group's Operating Performance and Financial Results.

EXTERNAL CONTEXT

Economic Framework

The global economy slowed down at the beginning of 2016. This was caused in part by a slackening off of the United States economy where investment levels fell, even though consumer spending was buoyant. Uncertainty about a robust American recovery put a brake on the normalisation of monetary policies, and after raising interest rates slightly in December, the Federal Reserve decided to keep them stable at 0.25%-0.50%.

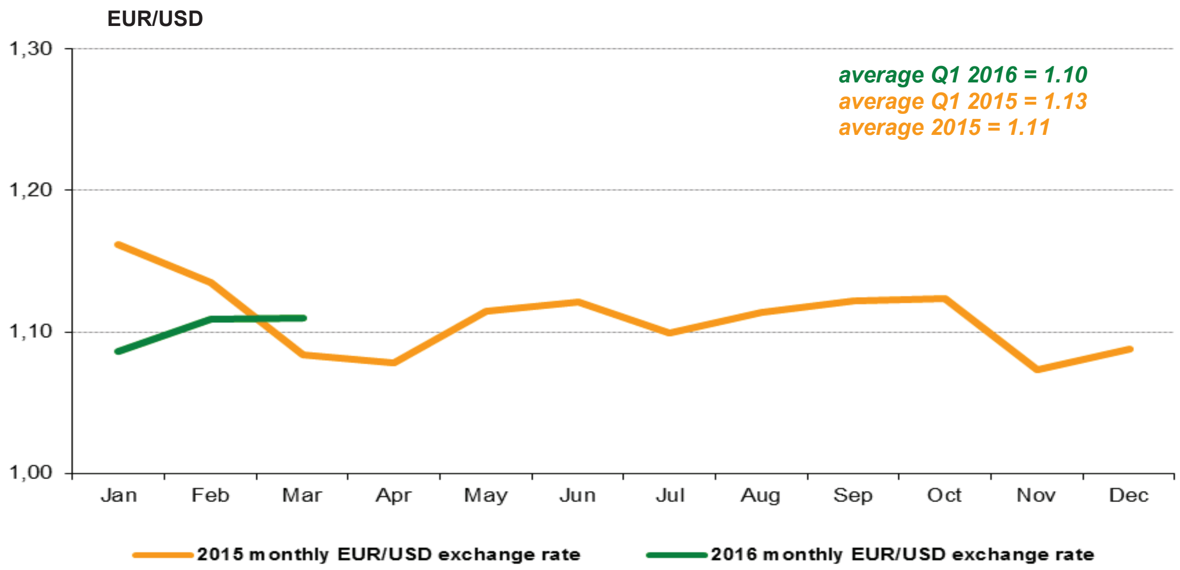
Difficulties continue in emerging countries, especially Brazil, and the stabilisation of the Chinese economy on a new growth path is still dependant on managing exchange rates and deregulating capital flows, which has proven more difficult than expected.

There are serious uncertainties regarding the global economy also because of the ongoing reduction in raw material prices which is increasing deflation risk and penalising the economic growth of net exporting countries such as those in Africa and the Middle East. The flipside to this situation is felt by the net importers who are benefitting in terms of greater purchasing power for families and companies.

With regard to the Eurozone, recovery in internal demand is continuing slowly, leaving it vulnerable to the risk of sudden global shocks. This was behind the ECB's decision to implement a series of measures to ease access to credit and get inflation back to target level: interest rates were cut to all-time lows and quantitative easing was expanded.

Recovery continues in Italy, albeit at rates that are lower than expected, but still an improvement after its long period of recession.

During the first quarter of 2016, the euro lost value against the U.S. dollar, with the exchange rate averaging 1.10 USD per euro, down 2.2% on the same period of the previous year. On the other hand, an analysis of the monthly performance of exchange rates during the quarter shows progressive appreciation of the euro despite the monetary policies adopted by the two main monetary institutions, the FED and the ECB, which should have weakened the euro. However, movements were quite limited during the quarter, fluctuating between 1.05 and 1.15 USD per euro.

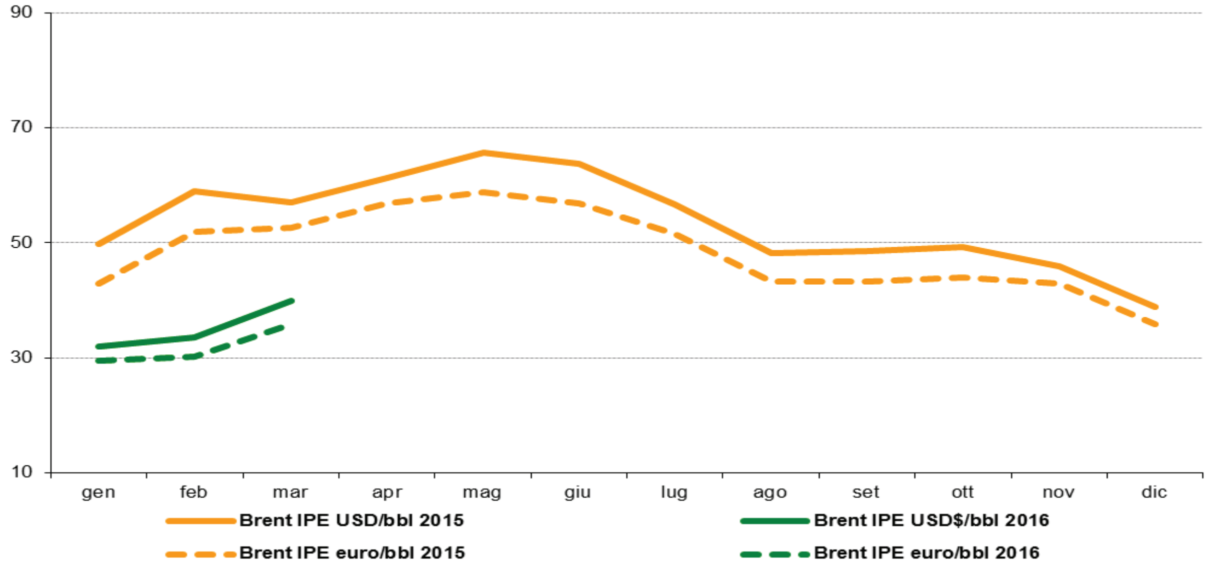


Oil prices continued to decrease, falling to an average of 35.1 USD/barrel during the first quarter of 2016, down 36.4% compared to the same period of the previous year. Due to the slight depreciation of the euro against the dollar, the euro price trend was similar. The Brent crude price in euros fell 35.1% compared to the first quarter of 2015, with an average of 31.9 EUR/barrel.
There is still a glut of oil on the market which is why prices are at their minimum levels in the last ten years. Even though price levels are still significantly lower than the prices in the first quarter of 2015, the monthly performance of prices in February and March in 2016 showed a slight recovery backed by the negotiations between Saudi Arabia and Russia regarding a possible freeze on production to the levels registered in January.

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

2015 full year		1st quarter 2016	1st quarter 2015	% change
53.7	Oil price in USD/bbl[(1)]	35.1	55.2	*(36.4%)*
1.11	USD/EUR exchange rate	1.10	1.13	*(2.2%)*
48.4	Oil price in EUR/bbl	31.9	49.1	*(35.1%)*

(1) Brent IPE



The weakness of the oil markets was also reflected in distillate products which are down by 40% to 50%compared to the prices recorded in the first quarter of 2015. In particular, diesel oil fell from 529.6 USD/MT to 317.3 USD/MT, while the fuel oil prices halved, going as low as 139 USD/MT for low-sulphur products and 135 USD/MT for high-sulphur products. This fall can also be attributed in part to lower heating product demand due to the mild winter last year.

The crisis in the oil market also continued into 2016 where prices on the Atlantic market fell by about 25%, standing at 45.3 USD/t. The increased generation by renewable sources made their presence felt in Europe, in addition to the surplus available on the gas market, while at global level, the weakness in Asian demand was at root of the fall in prices.

Similarly, the European gas market continued its downward trend: the main European hubs suffered considerable losses (with a reduction of about 40% compared to the prices in the first quarter of 2015) due to the oversupply situation, despite the cut in production of the Dutch field of Groningen, and to a surplus of supply also on the global LNG market.

Finally, there was a reduction in the spread between Virtual Exchange Facility (VEF) and TTF, which averaged 17 EUR/000 cubic metre compared to 30 EUR/000 cubic metre in the first quarter of 2015. The higher spread for the first quarter of 2015 was partly due to geopolitical tensions in view of the expiry of the Russia-Ukraine agreement. Additionally, the shift of certain logistic costs after the VEF led to the prices getting closer. As a result of the reduction of the differential to a lower level than the foreign logistics costs, imports from Northern Europe became less convenient, requiring an increase in gas flows from North Africa.

The CO_2 emission rights market was less volatile in 2015 than the other energy commodities, but then changed course with trends showing high volatility in the first quarter of 2016. The first three months of the year ended with a price of 5.6 euro/t, down almost 20% compared to the same period of 2015 and even though it is normal for the CO_2 emission rights market to trend downwards in January, record lows were achieved in the first quarter of 2016, down to under 5 euro/t in March. There were multiple factors behind this fall: the weakness of the electricity segment definitely had an effect from the standpoint of demand, in addition to the exceptional weather conditions and the crisis in the industrial sector, especially steel. On the supply side, with reference to backloading, a lower portion of emission rights was set aside compared to the previous year.

The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

2015 full year	TWh	1st quarter 2016	1st quarter 2015	% change
270.7	Net production:	65.3	65.8	*(0.7%)*
180.9	*- Thermoelectric*	46.2	45.1	*2.5%*
44.8	*- Hydroelectric*	7.9	9.6	*(17.6%)*
24.7	*- Photovoltaic*	4.0	4.5	*(11.3%)*
14.6	*- Wind power*	5.8	5.2	*11.1%*
5.8	*- Geothermal electricity*	1.5	1.4	*3.5%*
46.4	Net imports	12.9	13.5	*(4.2%)*
(1.9)	Pumping consumption	(0.6)	(0.5)	*34.7%*
315.2	**Total demand**	**77.6**	**78.8**	***(1.5%)***

Source: Analysis of pre-closing Terna data for 2015 and 2016, before line losses.

In the first quarter of 2016, total gross demand for electric power in Italy amounted to 77.6 TWh (TWh = billions of kWh), 1.5% less than the same period of the previous year; on a seasonally adjusted basis (i.e., eliminating the impact of changes in the number of business days and the leap year effect), there was a negative change of 2.3%.

The drop in demand of 1.2 TWh led to a reduction in the net import balance of 0.6 TWh (-4.2% compared to 2015) and a drop in net Italian production of about 0.4 TWh (-0.7%). Net of pumping consumption which was up by 34.7%, domestic production in the quarter covered 83.3% of demand, slightly up on the figure for the first quarter of 2015, while net imports covered the remaining 16.7%.

The decrease of 0.4 TWh in net domestic production is due to a drop of 1.7 TWh in hydroelectric output (-17.6%), an increase of 0.1 TWh in production from other renewable sources (+1.1%), and recovery of 1.1 TWh in thermoelectric generation (+2.5%).

With respect to the other renewable sources, there was an 11.1% increase in wind production (+0.6 TWh) and a reduction in photovoltaic generation of 11.3%(- 0.5 TWh). Geothermal output was slightly up (+3.5%).

The time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian) in the first quarter of 2016 with reference to the pricing scenario at March 31, 2016 was 39.6 EUR/MWh, significantly down on the same period of the previous year (51.9 EUR/MWh).

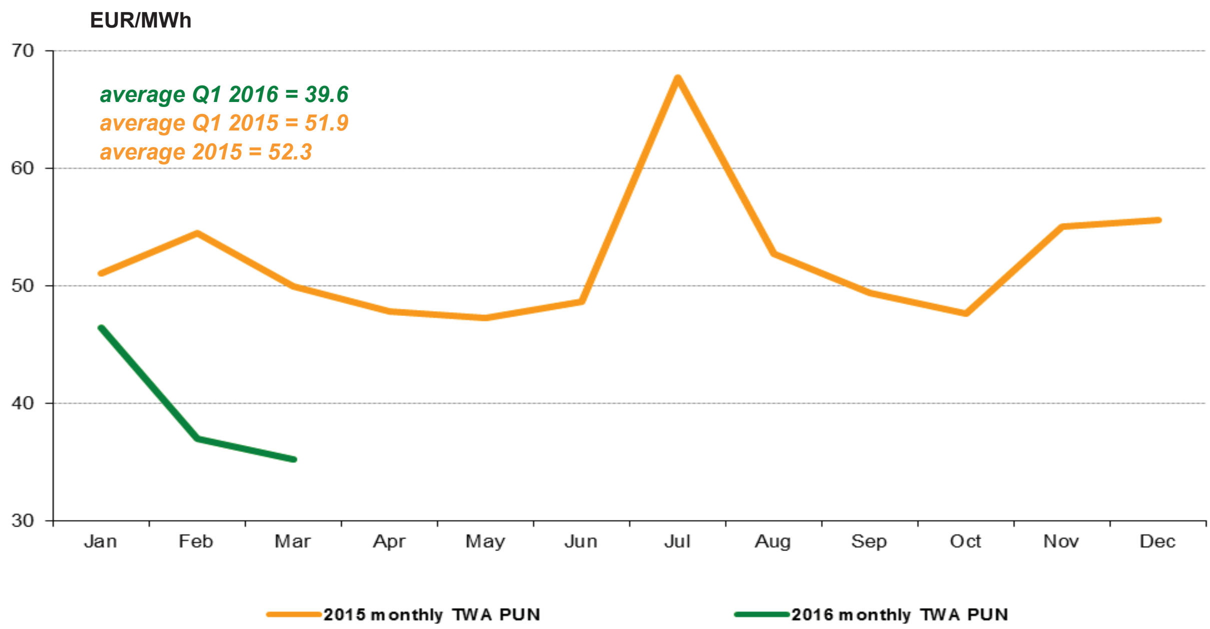
This sharp drop in the price compared to the first quarter of 2015 was due to lower demand for electric power, high availability of renewable energy from wind sources (which has never been as abundant) and an high external balance, although slightly lower than the previous year. The slight recovery of thermoelectric generation, especially in January (+9% compared to the same period of the previous year) and the lower availability of water resources were not enough to sustain the prices since temperatures were higher than normal and both gas and oil thermoelectric generation costs were lower.

There was a significant drop in zonal prices in the first quarter of 2016 (-27% in the South and -23% in the North, compared to the first quarter of 2015) which are at their respective historical lows. Since the South was able to exploit great quantities of wind energy, prices were lower, at around 34 EUR/MWh in March 2016 (the lowest was at the limited production hub of Rossano, at 30.1 EUR/MWh).

An analysis of the monthly trend for the PUN shows that the most significant deviations were recorded in the last two months of the first quarter of 2016. February (-32.2% compared to the same month of the previous year) was characterized by a lot of wind, a significant reduction in thermoelectric generation costs and average temperatures about 3°C higher against substantially stable electricity demand. On the other hand, in March, these conditions continued, resulting in average purchase prices for energy of 35.2 EUR/MWh (-29.5% compared to the same month of the previous year), a historical minimum since April 2004, i.e. the start of the energy stock exchange.

In accordance with what has been described above, the F1, F2 and F3 hour groups showed a reduction in all time periods of about 23% compared to the first quarter of 2015, especially in February and March.

The chart below shows a year-over-year comparison of the monthly trend:



Similarly, even foreign countries experienced a general fall in prices: France ended the first quarter of 2016 at -36% compared to the same period of the previous year, ending the period at 28.7 EUR/MWh, and Germany at -22%, closing at a price of 25.1 EUR/MWh. There was an overall reduction in electricity demand, with higher than average temperatures, especially in February, and significant wind production in Central Europe.

Demand for Natural Gas in Italy and Market Environment

2015 full year	In billions of cubic meters	1st quarter 2016	1st quarter 2015	% change
28.4	Services and residential customers	13.0	13.7	*(5.2%)*
16.0	Industrial users	4.4	4.4	*0.2%*
20.8	Thermoelectric power plants	5.7	5.1	*12.1%*
1.8	System usage and leaks	0.4	0.4	*0.3%*
66.9	**Total demand**	**23.6**	**23.6**	***(0.4%)***

Source: 2015 and 2016 preliminary data from Snam Rete Gas and the Ministry of Economic Development and Edison estimates.

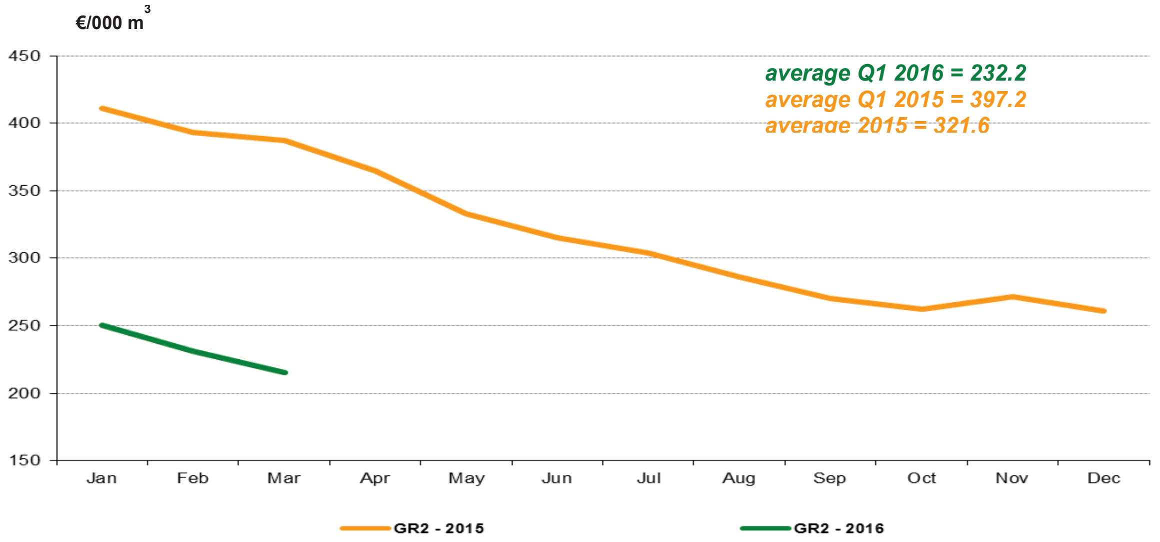
In the first quarter of 2016, Italian demand for natural gas was slightly lower (-0.4%) than the demand in the first quarter of the previous year, at a total of about 23.6 billion cubic meters, a decrease of about 0.1 billion cubic meters.

These trends are mainly due to the combined effects of a drop in consumption by residential customers (-0.7 billion cubic meters; -5.2% compared to the first quarter of 2015) due to warmer weather, especially in February, and an equivalent recovery in consumption in the thermoelectric sector (+0.6 billion cubic metres; +12.1% compared to the first quarter of 2015), offsetting a drop in renewable production compared to the previous year. The industrial sector was in line with the corresponding quarter of 2015 (+0.2%).

As for supply sources, the following developments characterized the first quarter of 2016, compared to the same period of 2015:

- lower domestic production (-0.1 billion cubic meters; -5%);
- increased gas imports (+0.6 billion cubic meters; +4%);
- a drop in volumes withdrawn from the stored gas inventory (-0.6 billion cubic meters; -8%).

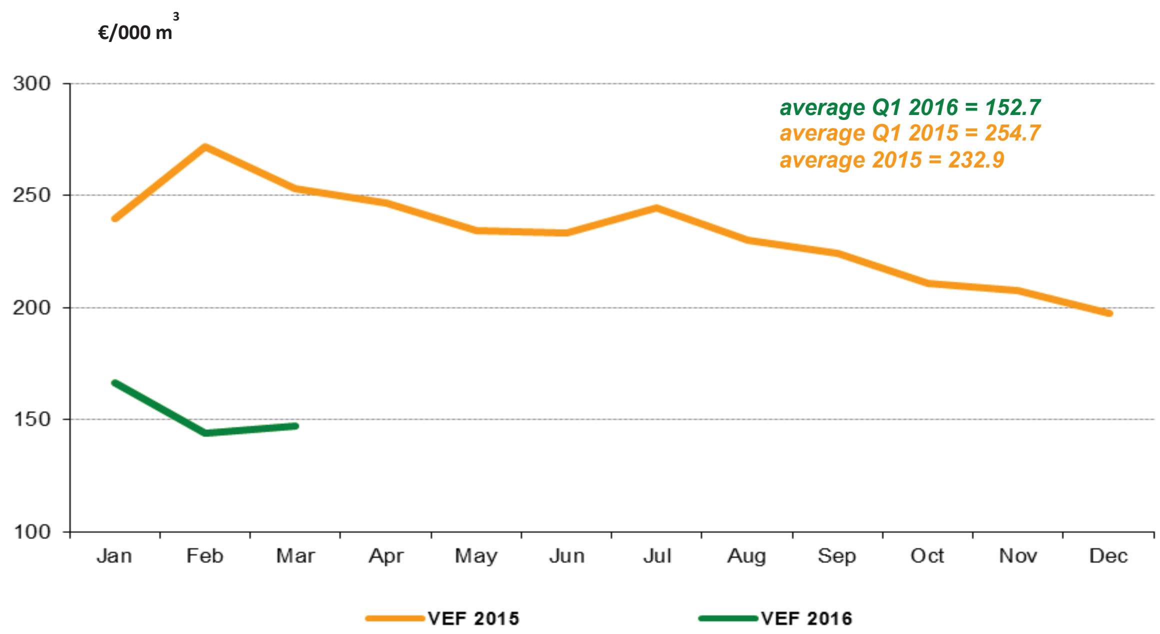
The average price for indexed gas (shown in the chart below, which uses the Gas Release 2 formula as a benchmark) stood at 232.2 EUR/000 cubic meters, down by about 40% compared to the first quarter of 2015. This trend, which appears to run contrary to the slightly bullish Brent trend, is explained by the time lag with which the price trend of oil and its derivative products is reflected in the formula and the precise impact of exchange rate appreciation on the months of offtake.



In line with trends recorded at other European hubs, the gas spot price in Italy was down by about 40% compared to the first quarter of 2015, at 152.7 EUR/000 cubic metre.

Analysing the monthly price trends, there was a slight increase in March, even though price levels are well below the prices for the first quarter of 2015.

The stability of demand (-0.4% compared to the first quarter of 2015), along with abundant availability were the main reasons behind the substantial decrease in the price of gas. Temperatures that were well above seasonal averages - apart from occasional cold snaps - led to a reduction in consumption in the residential sector. The surplus availability in January was also due to increased volumes withdrawn from storage due to the increase in delivery limits set by Snam. However, the storage inventories were more full at the end of the delivery period compared to the previous year (about +6%): weak demand and the forward curves in backwardation contributed to this. Additionally, the relative inexpensiveness of long term contracts, which now take full account of the drop in Brent prices and the derivatives to which they are index-linked, gave an incentive to maximise imports.



Legislative and Regulatory Framework

The salient points of the main issues involving legislative and regulatory measures relating to the first quarter of 2016 for the various company businesses are reviewed below.

Electric Power

Resolution No. 101/2016/R/eel - Initiation of process to create the measures regarding certain aspects of the Edison Spa network, located in Torviscosa, in accordance with the Authority's resolution No. 539/2015/R/eel by: the Electric Power, Gas and Water System Authority (the Authority) initiated a process regarding the Torviscosa electrical network managed by Edison. This process aims to:

a) confirm or exclude the Torviscosa network from the "RIU" (Internal User Networks), including through identification of conditions to meet (adjustments or redrawing the boundaries of the plants to bring the network back into line with RIU requirements);

b) in accordance with the decision made pursuant to letter a) above, determine any standards needed to quantify and pay the transmission and distribution fees, and the rate components needed to cover the general system charges paid and not due.

Responsibility for the process was given to the Manager of the Markets Division of the Authority, and must be concluded within 180 days from publication of the resolution (made on March 11, 2016).

Hydrocarbons

Rates and Market

Distribution Rates: by Resolution 99/2016/R/gas of March 10, 2016, the final reference rates for the gas distribution and metering services for 2015 were determined, calculated on the basis of final financial data for the year 2014. The applications to recalculate the rates and to apply the official rate starting from 2015 were taken into consideration for this determination, and the applications to adjust the balance sheet figures and tax figures which came before February 15, 2016 were considered.

Infrastructures

Storage – 2015 Rates: by resolution 66/2016/R/gas of February 25, 2016, the Authority determined the corporate revenues for Edison Stoccaggio for 2015 on a definitive basis after a long assessment process started at the end of 2014; the conclusion of this process was delayed due to the further details requested by the Authorities on the state of progress of the San Potito and Cotignola project, in operation since 2013, and currently being optimised in accordance with the new regulations for the IV Regulatory Period (2015-2018) - defined by Resolution 531/2014/R/gas of October 30, 2014 - which introduced great changes with respect to the previous Regulatory Periods.

Effectively, with the recent resolution, the Regulator did not believe that the investment in the San Potito and Cotignola site was effective enough with respect to the services offered; these services were evaluated on the basis of a comparison between the space services only - non binding - provided for during issue of the storage authorisation (2009) and the space actually made available with the start-up of commercial operations in 2015. To this end, the Regulator introduced a capex revenue-reduction mechanism on the site (calculated on the basis of the ratio of investments made/ actual space service) which will be applied each year until the site has been

brought up to full implementation (planned for 2019), while also providing for a partial adjustment of the lower revenues received in accordance with the space services that the authorisation will guarantee when it is fully functional.
In addition, for 2015 only, on the basis of Resolution 531/2014/R/gas, the Authority also linked payment of certain revenue components (amortisation instalments and bonus instalments) to the entry into "commercial" operation of the site, i.e. the date that the site began to commercially make its capacity for storage services available (2015), actually transferring recognition of said components by a year (starting from 2016).
The Company strongly objected to the above, and has already started the necessary legal action to protect its interests.

Storage tenders for the 2016/2017 thermal year: with regulation 77/2016/R/gas of February 29, 2016, the Authority ruled on the methods to organise the tender procedures to allocate storage capacity in view of the recent consultation 30/2016/R/gas of January 28, 2016 and to implement Ministerial Decree of February 25, 2016. The measure contains the storage service provisions for the 2016-2017 thermal year, setting out the criteria to organise the tender proceedings to assign the capacity for the various storage services, to calculate the reserve prices and payments applied to the capacity allocated, and certain details on how to use them.
The general approach to the tenders for the 2016/2017 thermal year is the same as the previous year, with allocation of capacity for the uniform, cutting-edge services carried out by the storage companies on the basis of monthly procedures, to be carried out in the months up to September 2016, in accordance with a calendar published by the storage companies (the calendar was published by the Ministry for Economic Development for the first tenders only). These procedures will also apply to allocation of the long-term uniform service (only for Stogit).
The reserve price calculation criteria were communicated to the storage and regasification companies with subsequent orders (for Edison Stoccaggio with resolution 85/2016/R/gas), with the duty of confidentiality. Unlike the previous year, the reserve prices were also calculated at market conditions for the long-term product and the comprehensive regasification/storage service.
The criteria used to cover the transport costs associated with the storage area interconnection points were also confirmed, and the procedures to define the service and the injection and delivery capacity of the previous year, for the various modulation services, including the storage company publication obligations before carrying out the procedures.
Edison Stoccaggio allocated all the modulation capacity (755 Ms cubic meter) as peak service in the first tender carried out on March 16, 2016.

Issues Affecting Multiple Business Segments

Italian legislative decree No. 33/2016, implementing directive 2014/61/EU, containing measures aimed at reducing installation costs of high speed electronic communication networks, was published on the Official Gazette no. 57 of March 9, 2016.
The measure established rules for physical infrastructure managers (including the distribution/gas transport and electric power networks) - if requested by communication network operators - to agree to the use of their networks to create broadband/ultra-broadband networks, to create possible synergies right from the design stage of the civil engineering works.

Environment

Environment law - Provisions in environmental areas to promote green economy measures and reduce the excessive use of natural resources: law no. 221 of December 28, 2015 (known as the Green Economy law) was published on the Official Gazette no. 13 of January 18, 2016 and contains, *inter alia*, new measures on hydrocarbons, additional fees for mountain catchment basin, waste, reclamation, energy, VIA, air, water, tender codes and minimum environmental criteria, emission trading, establishment of the new ENEA (national agency for new technology, energy and economic and sustainable development) with new articles of association and administration rules, and "SEU" (Efficient user systems).

Thermal Account: the decree by the Ministry of Economic development of February 16, 2016 which updates the Thermal Account mechanism was published in the Official Gazette no. 51 of March 2, 2016, and introduces a series of simplifications and new technology eligible for incentives. This decree will enter into effect on May 31, 2016 and replace Italian Ministerial Decree of December 28, 2012 that currently governs the incentive. After it enters into effect, there will be a further 60 days for the "GSE" (National grid operator) to publish the new application rules.

ECONOMIC AND FINANCIAL RESULTS AT MARCH 31, 2016

Sales Revenues and EBITDA of the Group and by Business Segment

2015 full year	(in millions of euros)	1st quarter 2016	1st quarter 2015	Change	% Change
	Electric Power Operations(1)				
6,529	Sales revenues	1,361	1,703		*(20.1%)*
360	Reported EBITDA	71	95		*(25.3%)*
276	Adjusted EBITDA (2)	43	109		*(60.6%)*
	Hydrocarbons Operations(1)				
5,512	Sales revenues	1,836	1,676		*9.5%*
995	Reported EBITDA	119	(23)		*n.m.*
1,079	Adjusted EBITDA (2)	147	(37)		*n.m.*
	Corporate Activities and Other Segments(3)				
49	Sales revenues	12	12		-
(94)	EBITDA	(18)	(21)		*14.3%*
	Eliminations				
(777)	Sales revenues	(183)	(244)		*25.0%*
	Edison Group				
11,313	**Sales revenues**	**3,026**	**3,147**		***(3.8%)***
1,261	**EBITDA**	**172**	**51**		***n.m.***
11.1%	***as a % of sales revenues***	***5.7%***	***1.6%***	**-**	**-**

(1) See Value chain at page VI.

(2) Adjusted EBITDA reflects 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.

(3) Includes the operations of the Parent company, Edison Spa, that do not apply to central or crossover operations, or not directly related to a specific business or certain holding companies and real estate companies.

In the first quarter of 2016, the Group sales revenues stood at 3,026 million euros, down 3.8% compared to the previous year.

EBITDA amounted to 172 million euros (51 million euros in the first quarter of 2015), showing an increase of 121 million euros.

Please refer to the paragraphs below for a more detailed analysis of the performance of the individual business segments.

Electric Power Operations

Sources

2015 full year	GWh (*)	1st quarter 2016	1st quarter 2015	% change
18,481	**Edison production:**	**4,591**	**4,626**	***(0.8%)***
14,116	*- Thermoelectric*	3,918	3,706	*5.7%*
3,378	*- Hydroelectric*	304	590	*(48.5%)*
987	*- Wind power and other renewables*	369	330	*11.8%*
70,952	**Other purchases (wholesalers, IPEX, etc.)(1)**	**18,497**	**17,470**	**5.9%**
89,433	**Total sources in Italy**	**23,087**	**22,096**	**4.5%**

(1) Before line losses and excluding the trading portfolio.
(*) One GWh is equal to one million kWh; with respect to physical volumes.

Uses

2015 full year	GWh (*)	1st quarter 2016	1st quarter 2015	% change
17,108	**End customers (1)**	**3,041**	**4,757**	***(36.1%)***
72,325	**Other sales (wholesalers, IPEX, etc.)(2)**	**20,046**	**17,339**	***15.6%***
89,433	**Total uses in Italy**	**23,087**	**22,096**	**4.5%**

(1) Before line losses.
(2) Excluding trading portfolio.
(*) One GWh is equal to one million kWh.

The Group operates in accordance with 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, Edison's production in Italy amounted to 4,591 GWh, substantially in line with the first quarter of 2015; more specifically, thermoelectric output was up 5.7%, partly mirroring the national trend. The hydroelectric output was substantially down in the first quarter of 2016 (-48.5%), partly due to the low availability of water resources during the period, and partly due to the deconsolidation of the Hydros company which took effect on January 1, 2016 as provided under the governance agreements with the shareholder SEL. On the other hand, there was an 11.8% increase in wind production and other renewables due to increased wind conditions.

Sales to end customers decreased by 36.1%, mainly due to lower volumes sold to the Business and Public Administration segments.

Other purchases and sales were up in the first quarter of 2016 compared to the same period of 2015; however, this category also includes transactions on the wholesale market and purchases and sales on the IPEX, characterized by lower unit margins as they are related to production from facilities operating in bidding mode, the balancing of the portfolios and make-or-buy activity.

Economic data

2015 full year	in millions of euros	1st quarter 2016	1st quarter 2015	% change
6,529	Sales revenues	1,361	1,703	*(20.1%)*
276	Adjusted EBITDA(1)	43	109	*(60.6%)*

(1) See note on page 14.

Sales revenues for the first quarter of 2016 amounted to 1,361 million euros, and even though there was a slight increase in volumes, they were down about 20% from the first quarter of 2015 due to a decrease in average sales prices driven by the trends in the benchmark scenario. Adjusted EBITDA for the quarter amounted to 43 million euros (109 million euros in the same period of 2015), showing a reduction of 66 million euros which reflects the further decline in thermoelectric and hydroelectric production margins.

Hydrocarbons Operations

Sources of Natural Gas

2015 full year	In millions of m^3 of natural gas	1st quarter 2016	1st quarter 2015	% change
485	Production (1)	111	128	(13.2%)
12,722	Imports (Pipeline + LNG)	3,585	3,050	17.5%
4,172	Other purchases	1,617	814	98.6%
197	Change in stored gas inventory (2)	280	608	(53.9%)
17,576	**Total sources in Italy**	**5,592**	**4,600**	**21.6%**
1,508	**Production outside Italy(3)**	**375**	**398**	**(5.9%)**

(1) Net of self-consumption and 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

2015 full year	In millions of m^3 of natural gas	1st quarter 2016	1st quarter 2015	% change
2,648	Residential use	1,266	1,316	*(3.9%)*
3,385	Industrial use	1,041	879	*18.4%*
5,671	Thermoelectric fuel use	1,750	1,371	*27.6%*
5,872	Other sales	1,536	1,034	*48.6%*
17,576	**Total uses**	**5,592**	**4,600**	**21.6%**
1,508	**Sales of production outside Italy(1)**	**375**	**398**	**(5.9%)**

(1) Counting volumes withheld as production tax.

Total natural gas production, counting Italian and international operations, during the period amounted to 486 million cubic meters, down 7.7% compared to the first quarter of the previous year. Production sold in Italy fell by 13.2% and abroad the output fell by 5.9% due to a natural decline in the production curves.
There were substantial increases both in total gas imports (up 534 million cubic meters) and Other purchases (up 802 million cubic meters) in response to the need to meet rising sales during the period.

Gas volumes sold amounted to 5,592 million cubic meters, an increase of 21.6% compared to the first quarter of 2015. Specifically, sales to residential users were down by 3.9% due to milder weather conditions compared to 2015, while sales to thermoelectric users grew by 27.6% thanks to increased gas consumption by the thermoelectric power plants of the Group and external customers.
Sales for industrial uses increased by 18.4%.

Crude Oil Production

2015 full year	in thousands of barrels	1st quarter 2016	1st quarter 2015	% change
2,546	Production in Italy	561	665	*(15.6%)*
1,808	Production outside Italy [1]	586	363	*61.7%*
4,354	**Total production**	**1,148**	**1,028**	***11.7%***

(1) Counting volumes withheld as production tax.

Crude oil production increased by 11.7% as a whole during the quarter as production outside Italy (+224 thousand barrels), mainly from the output of the Scott and Telford (UK) fields starting from May 2015, offset the decrease in production from fields in Italy (-104 thousand barrels).

Economic data

2015 full year	in millions of euros	1st quarter 2016	1st quarter 2015	% change
5,512	Sales revenues	1,836	1,676	*9.5%*
1,079	Adjusted EBITDA[1]	147	(37)	*n.m.*

(1) See note on page 14.

Sales revenues amounted to 1,836 million euros, for a gain of 9.5% compared to the first quarter of 2015 thanks to an increase in sales volumes that more than offset the impact of the decline in average sales prices due to the downward trend in oil prices.
The adjusted EBITDA for the quarter amounted to 147 million euros, up 184 million compared to the same period in 2015. This change is mainly due to the higher margins from natural gas supply and sales activities, as a result of the combined effect of scenario trends, the revision of the price of gas imported from Libya following conclusion of the arbitration proceedings with Eni in November 2015 and the higher volumes sold, which more than offset the fall in margins from Exploration and Production activities due to a further fall in oil prices, which have been on a downward spiral since the end of 2014.

Corporate Activities and Other Segments

Economic data

2015 full year	in millions of euros	1st quarter 2016	1st quarter 2015	% change
49	Sales revenues	12	12	-
(94)	EBITDA	(18)	(21)	*14.3%*

The Corporate Activities and Other Segments include the activities of the Parent company, Edison Spa, that involve central or crossover operations, or not directly related to a specific business or certain holding companies and real estate companies.
Sales revenues for the first quarter of 2016 were the same as 2015, while EBITDA was up by 3 million euros, partly due to the phasing of operating expenses and to non-recurring items.

Other Components of the Group's Income Statement

2015 full year	in millions of euros	1st quarter 2016	1st quarter 2015	% change
1,261	**EBITDA**	**172**	**51**	***n.m.***
161	Net change in fair value of derivatives (commodity and foreign exchange)	(92)	(13)	*n.m.*
(2,194)	Depreciation, amortization and writedowns	(114)	(150)	*24%*
(23)	Other income (expense) net	0	(7)	*n.m.*
(795)	**EBIT**	**(34)**	**(119)**	***71%***
(29)	Financial income (expense), net	(30)	31	*n.m.*
(38)	Income from (Expense on) equity investments	(3)	(2)	*(50%)*
(97)	Income taxes	(4)	(52)	*92%*
(959)	**Profit (Loss) from continuing operations**	**(71)**	**(142)**	***50%***
(980)	**Group interest in profit (loss)**	**(76)**	**(153)**	***50%***

Negative EBIT of 34 million euros include depreciation, amortization and write-downs totalling 114 million euros, a negative net change in the fair value of derivatives hedging commodity and foreign exchange transactions amounting to 92 million euros (-13 million euros in the first quarter of 2015).
Depreciation, amortisation and write-downs were down by 36 million euros, mainly due to lower depreciation as a result of the write-down of assets accounted for in 2015 and lower exploration investments (16 million euros).
The net result from continuing operations was a loss of 71 million euros (a loss of 142 million euros in the first quarter of 2015), and includes net financial charges of 30 million euros and income taxes of 4 million euros.
Even though average debt levels were lower and cost of debt was inferior due to a different mix of financial resources, net interest expense has worsened considerably, due to the net losses on exchange rates in the first quarter of 2016 (net earnings in the first quarter of 2015).
Following the ruling of unconstitutionality of the Robin Hood Tax, income tax for the first quarter of 2015 included the negative effect of 68 million euros, related to the elimination of the deferred tax assets and the provisions for deferred taxes recognized on the 6.5% IRES surcharge .

Net Financial Debt and Cash Flows

Net financial debt amounted to 1,141 million euros as at March 31, 2016 (1,603 million euros at March 31, 2015), substantially in line with the figure at December 31, 2015.
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.

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

2015 full year	in millions of euros	1st quarter 2016	1st quarter 2015
(1,766)	**A. NET FINANCIAL (DEBT) AT BEGINNING OF PERIOD**	**(1,147)**	**(1,766)**
1,261	EBITDA	172	51
38	Elimination of non-cash items included in EBITDA	5	(4)
(45)	Net financial expense paid	22	13
(120)	Income taxes paid (-)	(8)	(13)
8	Dividends collected	0	1
(16)	Other items from operating activities	(6)	(12)
1,126	**B. CASH FLOW FROM OPERATING ACTIVITIES**	**185**	**36**
19	Change in operating working capital	11	333
40	Change in non-operating working capital	(42)	(75)
(535)	Net investments (-)	(128)	(99)
650	**C. CASH FLOW AFTER NET INVESTMENTS AND CHANGE IN WORKING CAPITAL**	**26**	**195**
(93)	Dividends paid (-)	(4)	-
62	Other items	(16)	(32)
619	**D. NET CASH FLOW FOR THE PERIOD**	**6**	**163**
(1,147)	**E. NET FINANCIAL (DEBT) AT END OF PERIOD**	**(1,141)**	**(1,603)**

In addition to the EBITDA effect reviewed above, the main cash flows for the period derived from:

- the slightly positive change in working capital, mainly due to the seasonality of the gas stock.
- Investment activities that absorbed cash amounting to 128 million euros, mainly for the Exploration and Production area, and the effect of deconsolidating the net liquidity of Hydros (34 million euros).

  Investment activities in Italy are related to development of the Clara Northwest field (3 million euros) and Ibleo (2 million euros).

  Investment projects outside Italy focused on the Abu Qir concession in Egypt, where construction of the NAQ PIII platform continues (16 million euros), the Egyptian exploration licences of North Thekah, South Idku and North Port Fouad due to the increase of the participation share (10 million euros), the Norwegian Zidane concession for the construction of the Polarled pipeline that will link Zidane with the mainland (4 million euros), Algeria for the development of the Reggane concession (15 million euros), and Great Britain for the development of the Scott and Telford oil fields (5 million euros).

  There were investments also made in exploration of about 25 million euros, in Egypt (15 million euros) for exploration activities in the East Med areas and the onshore Nile delta, in Norway for the Ornen well drilling activities (2 million euros), in the Falkland Islands for hydrocarbon exploration activities in the

Northern area (2 million euros) and in Greece for studies relating to the exploration license in the Gulf of Patras (3 million euros).

Outlook

Taking into account the performance of the first quarter of the year and the deterioration of the energy market, EBITDA 2016 should reach approximately 650 million euros, including the Fenice contribution for 9 months, equal to about 60 million euro. It should be recalled that the 2016 EBITDA will not benefit from the extraordinary components recorded in 2015.

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

Please consult the section "Intercompany and Related-Party Transactions" in the Review of the Group's Operating Performance and Financial Results for information on significant transactions with related parties.

Additional Information

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

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REVIEW OF THE GROUP’S OPERATING PERFORMANCE AND FINANCIAL RESULTS

at March 31, 2016

Income Statement

(in millions of euros)	See Note	1st quarter 2016	of which related parties	1st quarter 2015	of which related parties
Sales revenues	*1*	3,026	186	3,147	142
Other revenues and income	*2*	20	1	31	1
Total net revenues		**3,046**	**187**	**3,178**	**143**
Raw materials and services used (-)	*3*	(2,820)	(123)	(3,072)	(80)
Labor costs (-)	*4*	(54)		(55)	
EBITDA	*5*	**172**		**51**	
Net change in fair value of commodity derivatives	*6*	(92)		(13)	
Depreciation, amortization and writedowns (-)	*7*	(114)		(150)	
Other income (expense), net	*8*	-		(7)	
EBIT		**(34)**		**(119)**	
Net financial income (expense)	*9*	(30)	18	31	67
Income from (Expense on) equity investments	*10*	(3)	(2)	(2)	(3)
Profit (Loss) before taxes		**(67)**		**(90)**	
Income taxes	*11*	(4)		(52)	
Profit (Loss) from continuing operations		**(71)**		**(142)**	
Profit (Loss) from discontinued operations		-		-	
Profit (Loss)		**(71)**		**(142)**	
Broken down as follows:					
Minority interest in profit (loss)		5		11	
Group interest in profit (loss)		**(76)**		**(153)**	
Earnings (Loss) per share (in euros)	*12*				
Basic earnings (loss) per common share		(0.0150)		(0.0299)	
Basic earnings per savings share		0.0125		0.0125	
Diluted earnings (loss) per common share		(0.0150)		(0.0299)	
Diluted earnings per savings share		0.0125		0.0125	

Other Components of the Comprehensive Income Statement

(in millions of euros)	See Note	1st quarter 2016	1st quarter 2015
Profit (Loss)		**(71)**	**(142)**
Other components of comprehensive income:			
A) Change in the Cash Flow Hedge reserve	*24*	**105**	**121**
- Gains (Losses) arising during the period		162	175
- Income taxes		(57)	(54)
B) Change in reserve for available-for-sale investments	*24*	**-**	**1**
- Gains (Losses) not realized		-	1
- Income taxes		-	-
C) Differences on the translation of assets in foreign currencies		**1**	**21**
- Gains (Losses) not realized		(1)	28
- Income taxes		2	(7)
D) Pro rata interest in other components of comprehensive income of investee companies		-	-
E) Actuarial gains (losses) (*)		-	-
- Actuarial gains (losses)		-	-
- Income taxes		-	-
Total other components of comprehensive income net of taxes (A+B+C+D+E)		**106**	**143**
Total comprehensive profit (loss)		**35**	**1**
Broken down as follows:			
Minority interest in comprehensive profit (loss)		5	11
Group interest in comprehensive profit (loss)		**30**	**(10)**

(*) Items not reclassifiable in Income Statement.

Balance Sheet

(in millions of euros)		03.31.2016		12.31.2015	
	See Note		of which related parties		of which related parties
ASSETS					
Property, plant and equipment	*13*	3,657		3,678	
Investment property	*14*	6		6	
Goodwill	*15*	2,355		2,355	
Hydrocarbon concessions	*16*	465		480	
Other intangible assets	*17*	126		118	
Investments in associates	*18*	70	70	67	67
Available-for-sale investments	*18*	164		167	
Other financial assets	*19*	25	4	31	4
Deferred-tax assets	*20*	653		702	
Other assets	*21*	319		280	
Total non-current assets		**7,840**		**7,884**	
Inventories		182		253	
Trade receivables		2,262	50	2,367	50
Current-tax assets		12		20	
Other receivables		1,771	53	1,654	28
Current financial assets		113	81	113	83
Cash and cash equivalents		262	81	279	
Total current assets	*22*	**4,602**		**4,686**	
Assets held for sale	*23*	**138**		**212**	
Eliminations of assets from and to discontinued operations		-		-	
Total assets		**12,580**		**12,782**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital		5,292		5,292	
Reserves and retained earnings (loss carryforward)		816		1,790	
Reserve for other components of comprehensive income		(557)		(663)	
Group interest in profit (loss)		(76)		(980)	
Total shareholders' equity attributable to Parent Company shareholders		**5,475**		**5,439**	
Shareholders' equity attributable to minority shareholders		369		437	
Total shareholders' equity	*24*	**5,844**		**5,876**	
Provision for employee severance indemnities and provisions for pensions	*25*	31		31	
Provision for deferred taxes	*26*	23		32	
Provisions for risks and charges	*27*	1,123		1,123	
Bonds	*28*	599		599	
Long-term financial debt and other financial liabilities	*29*	633	468	640	467
Other liabilities	*30*	255		315	
Total non-current liabilities		**2,664**		**2,740**	
Bonds		32		28	
Short-term financial debt		252	84	306	170
Trade payables		1,487	55	1,623	51
Current taxes payable		22		25	
Other liabilities		2,279	208	2,177	202
Total current liabilities	*31*	**4,072**		**4,159**	
Liabilities held for sale	*32*	-		**7**	
Eliminations of liabilities from and to discontinued operations		-		-	
Total liabilities and shareholders' equity		**12,580**		**12,782**	

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 quarter of 2016. 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.

(in millions of euros)		1st quarter 2016		1st quarter 2015	
	See Note		of which related parties		of which related parties
Profit (Loss) before taxes		**(67)**		**(90)**	
Depreciation, amortization and writedowns	*7*	114		150	
Net additions to provisions for risks		(1)		(4)	
Interest in the result of companies valued by the equity method (-)		2	2	3	3
Dividends received from companies valued by the equity method		-		1	1
(Gains) Losses on the sale of non-current assets		-		-	
Change in the provision for employee severance indemnities and provisions for pensions	*25*	-		-	
Change in fair value recorded in EBIT		86		7	
Change in operating working capital		11	4	333	(18)
Change in non-operating working capital		(42)	(19)	(75)	(8)
Change in other operating assets and liabilities		(9)		(32)	
Net financial (income) expense	*9*	30	(18)	(31)	(67)
Net financial income (expense) paid		22	20	13	72
Net income taxes paid		(8)		(13)	
A. Cash flow from continuing operations		**138**		**262**	
Additions to intangibles and property, plant and equipment (-)	*13-17*	(95)		(98)	
Additions to non-current financial assets (-)		-		(3)	(3)
Net price paid on business combinations		-		-	
Proceeds from the sale of intangibles and property, plant and equipment		-		-	
Proceeds from the sale of non-current financial assets		-		-	
Repayment of capital contribution by non-current financial assets		1		2	
Change in other current financial assets		-		7	2
B. Cash used in investing activities from continuing operations		**(94)**		**(92)**	
Receipt of new medium-term and long-term loans	*28, 29, 31*	1		250	250
Redemption of medium-term and long-term loans (-)	*28, 29, 31*	(5)		(504)	
Other net change in financial debt		(53)		(56)	
Distribution of shareholders' equity and reserves (-)		-		-	
Dividends paid to controlling companies or minority shareholders (-)		(4)	(4)	-	
C. Cash used in financing activities from continuing operations		**(61)**		**(310)**	
D. Net currency translation differences		**-**		**-**	
E. Net cash flow for the period from continuing operations (A+B+C+D)		**(17)**		**(140)**	
F. Net cash flow for the period from discontinued operations		**-**		**-**	
G. Net cash flow for the period (continuing and discontinued operations) (E+F)		**(17)**		**(140)**	
H. Cash and cash equivalents at the beginning of the year from continuing operations		**279**		**473**	
I. Cash and cash equivalents at the beginning of the year from discontinued operations		**-**		**-**	
L. Cash and cash equivalents at the end of the period (continuing and discontinued operations) (G+H+I)		**262**	81	**333**	19
M. Cash and cash equivalents at the end of the period from discontinued operations		**-**	-	**-**	
N. Cash and cash equivalents at the end of the period from continuing operations (L-M)		**262**	81	**333**	19

Changes in Consolidated Shareholders' Equity

(in millions of euros)	Share capital	Reserves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income					Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders	Total shareholders' Equity
			Cash Flow Hedge reserve	Reserve for available-for-sale investments	Differences on the translation of assets in foreign currencies	Interest in other components of comprehensive income of investee companies	Actuarial gains (losses)				
Balance at December 31, 2014	**5,292**	**1,746**	**(458)**	**-**	**11**	**-**	**(4)**	**40**	**6,627**	**510**	**7,137**
Appropriation of the previous year's profit (loss)	-	40	-	-	-	-	-	(40)	**-**	-	**-**
Dividends and reserves distributed	-	-	-	-	-	-	-	-	**-**	(6)	**(6)**
Other changes	-	(14)	-	-	-	-	-	-	**(14)**	(1)	**(15)**
Total comprehensive profit (loss)	-	-	121	1	21	-	-	(153)	**(10)**	11	**1**
of which:											
- Change in comprehensive income	-	-	121	1	21	-	-	-	**143**	-	**143**
- Profit (Loss) from 01.01.2015 to 03.31.2015	-	-	-	-	-	-	-	(153)	**(153)**	11	**(142)**
Balance at March 31, 2015	**5,292**	**1,772**	**(337)**	**1**	**32**	**-**	**(4)**	**(153)**	**6,603**	**514**	**7,117**
Dividends and reserves distributed	-	-	-	-	-	-	-	-	**-**	(87)	**(87)**
Other changes	-	18	-	-	-	-	-	-	**18**	-	**18**
Total comprehensive profit (loss)	-	-	(340)	(1)	(17)	-	3	(827)	**(1,182)**	10	**(1,172)**
of which:											
- Change in comprehensive income	-	-	(340)	(1)	(17)	-	3	-	**(355)**	-	**(355)**
- Profit (Loss) from 04.01.2015 to 12.31.2015	-	-	-	-	-	-	-	(827)	**(827)**	10	**(817)**
Balance at December 31, 2015	**5,292**	**1,790**	**(677)**	**-**	**15**	**-**	**(1)**	**(980)**	**5,439**	**437**	**5,876**
Appropriation of the previous year's profit (loss)	-	(980)	-	-	-	-	-	980	**-**	-	**-**
Dividends and reserves distributed	-	-	-	-	-	-	-	-	**-**	(7)	**(7)**
Change in scope of consolidation	-	-	-	-	-	-	-	-	**-**	(66)	**(66)**
Other changes	-	6	-	-	-	-	-	-	**6**	-	**6**
Total comprehensive profit (loss)	-	-	105	-	1	-	-	(76)	**30**	5	**35**
of which:											
- Change in comprehensive income	-	-	105	-	1	-	-	-	**106**	-	**106**
- Profit (Loss) from 01.01.2016 to 03.31.2016	-	-	-	-	-	-	-	(76)	**(76)**	5	**(71)**
Balance at March 31, 2016	**5,292**	**816**	**(572)**	**-**	**16**	**-**	**(1)**	**(76)**	**5,475**	**369**	**5,844**

NOTES TO THE QUARTERLY REPORT AT MARCH 31, 2016

ACCOUNTING PRINCIPLES AND CONSOLIDATION CRITERIA

Content and Presentation

The Edison Group's Quarterly Report at March 31, 2016 was prepared in accordance with IAS 34 - Interim Financial Reporting, 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.), although the Group defined the semester as the reference period in accordance with the above accounting standard.

Methods applied to the Preparation of the Financial Statements

Please note that the international accounting principles applied are consistent with those used for the 2015 Consolidated Financial Statements, which should be referenced for additional details.
The preparation of Edison Group's Quarterly Report at March 31, 2016 and the accompanying notes requires the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent liabilities. The actual results that will arise upon the occurrence of the relevant events could differ from these estimates. For a more detailed description of the valuation processes with a more significant impact on the Group, unchanged compared to previous year, please consult the paragraph of the 2015 Consolidated Financial Statements entitled "Use of Estimated Values".
The Board of Directors, meeting on May 10, 2016, authorized the publication of Edison's Group Quarterly Report at March 31, 2016, which was not audited.

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

Significant assumptions in determining control in accordance with IFRS 12

With regard to the definition of control set forth in IFRS 10, please note that the Edison Group consolidates line by line two companies even though it does not hold a majority equity stake; more specifically, Dolomiti Edison Energy Srl, owned at 49%, in the hydroelectric area and E2i Energie Speciali Srl owned at 30% through Edison Partecipazioni Energie Rinnovabili Srl in the renewable energy area. A more detailed description of these issues is provided in the 2015 Consolidated Financial Statements.
It is worth of mentioning that the company Hydros (owned at 40%) since January 1, 2016 has been deconsolidated and is valued by the equity method because the requirements for control have been expired pursuant to IFRS 10.

Changes in the Scope of Consolidation compared with December 31, 2015 - Acquisition and Disposal of Assets

Electric Power:

Merger by incorporation into Edison Spa of Shen Spa, already held at 100%, effective vis-à-vis third parties as of March 1, 2016; this transaction had not impact on the Group.

Disposal Group:

Deconsolidation of the company Hydros Spa, now valued by the equity method, due to the expiration of the requirements for control pursuant to IFRS 10.

Disclosure Pursuant to IFRS 5

Disposal Group – "Hydroelectric Activities Reorganization"

On December 29, 2015 Edison and SEL - Società Elettrica Altoatesina (now Alperia) reached an agreement to swap Edison stakes in Hydros and SelEdison for SEL's hydroelectric plants located in the Friuli Venezia Giulia Region. Through this agreement Edison strengthened its activities in the hydroelectric sector, which is key for the Group's development strategy, and extended the average life of its hydroelectric portfolio reducing at the same time the risks related to concession renewals.

Under this transaction, which is expected to close in the first half of 2016, Edison will acquire the Cellina hydroelectric hub held by Alperia, which will be consolidated line by line, in exchange for its equity stakes in Hydros (40%) and SelEdison (42%). Considering that Hydros has been deconsolidated as of January 1, 2016, this transaction will produce an increase of 90 MW in Edison's installed capacity, with a positive impact on EBITDA.

As a result, the investments related to Hydros and SelEdison are presented on the balance sheet under the "Assets held for sales" line items.

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 management and 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)	***1st quarter 2016***	*1st quarter 2015*	***1st quarter 2016***	*1st quarter 2015*	***1st quarter 2016***	*1st quarter 2015*	***1st quarter 2016***	*1st quarter 2015*	***1st quarter 2016***	*1st quarter 2015*
Sales Revenues	**1,361**	**1,703**	**1,836**	**1,676**	**12**	**12**	**(183)**	**(244)**	**3,026**	**3,147**
- third parties sales revenues	1,356	1,701	1,665	1,445	5	1	-	-	3,026	3,147
- Intra-Group sales revenues	5	2	171	231	7	11	(183)	(244)	-	-
EBITDA	**71**	**95**	**119**	**(23)**	**(18)**	**(21)**	**-**	**-**	**172**	**51**
as a % of sales revenues	*5.2%*	*5.6%*	*6.5%*	*(1.4%)*	*n.m.*	*n.m.*			*5.7%*	*1.6%*
Net change in Fair Value of Commodity derivatives	(2)	4	(90)	(17)	-	-	-	-	(92)	(13)
Depreciation, amortization and writedowns	(43)	(58)	(69)	(90)	(2)	(2)	-	-	(114)	(150)
Othet income (expense),net	-	-	-	-	-	(7)	-	-	-	(7)
EBIT	**26**	**41**	**(40)**	**(130)**	**(20)**	**(30)**	**-**	**-**	**(34)**	**(119)**
as a % of sales revenues	*1.9%*	*2.4%*	*(2.2%)*	*(7.8%)*	*n.m.*	*n.m.*			*(1.1%)*	*(3.8%)*
Net financial income (expense)									**(30)**	**31**
Interest in result of companies valued by equity method									**(2)**	**(3)**
Income taxes									**(4)**	**(52)**
Profit (Loss) from continuing operations									**(71)**	**(142)**
Profit (Loss) from discontinued operations									**-**	**-**
Minority interest in profit (loss)									**5**	**11**
Group interest in profit (loss)									**(76)**	**(153)**

BALANCE SHEET	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Adjustments*		*EDISON GROUP*	
(in millions of euros)	***03.31.2016***	*12.31.2015*	***03.31.2016***	*12.31.2015*	***03.31.2016***	*12.31.2015*	***03.31.2016***	*12.31.2015*	***03.31.2016***	*12.31.2015*
Total current and non-current assets	**5,662**	**5,672**	**6,473**	**6,861**	**3,718**	**3,445**	**(3,411)**	**(3,408)**	**12,442**	**12,570**
Assets held for sale	138	**212**	**-**	**-**	**-**	**-**	**-**	**-**	**138**	212
Total assets	**5,800**	**5,884**	**6,473**	**6,861**	**3,718**	**3,445**	**(3,411)**	**(3,408)**	**12,580**	**12,782**
Total current and non-current liabilities	**1,955**	**1,586**	**4,905**	**5,056**	**2,497**	**2,699**	**(2,621)**	**(2,442)**	**6,736**	**6,899**
Liabilities held for sale	**-**	**7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	7
Total liabilities	**1,955**	**1,593**	**4,905**	**5,056**	**2,497**	**2,699**	**(2,621)**	**(2,442)**	**6,736**	**6,906**
Net Financial Debt									**1,141**	**1,766**

OTHER INFORMATION	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Adjustments*		*EDISON GROUP*	
(in millions of euros)	***1st quarter 2016***	*1st quarter 2015*	***1st quarter 2016***	*1st quarter 2015*	***1st quarter 2016***	*1st quarter 2015*	***1st quarter 2016***	*1st quarter 2015*	***1st quarter 2016***	*1st quarter 2015*
Capital expenditures	8	4	50	47	1	-	-	-	**59**	**51**
Investments in exploration	-	-	25	41	-	-	-	-	**25**	**41**
Investments in intangibles	-	-	11	6	-	-	-	-	**11**	**6**
Total capital investments	**8**	**4**	**86**	**94**	**1**	**-**	**-**	**-**	**95**	**98**

	Electric Power Operations		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Adjustments*		*EDISON GROUP*	
	03.31.2016	*12.31.2015(*)*	***03.31.2016***	*12.31.2015*	***03.31.2016***	*12.31.2015(*)*	***03.31.2016***	*12.31.2015*	***03.31.2016***	*12.31.2015*
Number of employees	**930**	***1,030***	**1,395**	**1,414**	**623**	**622**	**-**	**-**	**2,948**	**3,066**

(*) Includes 76 employees of companies classified as Assets held for sale.

The Group does not view **geographic area** segment information as meaningful. At March 31, 2016 the net non-current assets of its foreign operations, referred to the Hydrocarbons Operations, totaled 1,022 million euros and accounted for about 14.6% of net invested capital. Specifically abroad it worth of mentioning the Exploration & Production activities located in Egypt.

The contribution of the Exploration & Production business, while significant, continues to be severely penalized by the trend in the reference scenario.

(in millions of euros)	**1st quarter 2016**	1st quarter 2015	Change	% change
Sales revenues	**89**	130	(41)	(31.5%)
EBITDA	**37**	65	(28)	(43.1%)
as % of sales revenues	*41.6%*	*50.0%*		
EBIT	**(27)**	(19)	(8)	42.1%
as % of sales revenues	*(30.3%)*	*(14.6%)*		

Major customers as defined by IFRS 8

The Group’s sales are generally not concentrated. In the Electric Power Operations there is one major customer with sales revenues totaling about 271 million euros in the period, equal to 19.9% of the total sales revenues of the Electric Power Operations and to 9% of the total sales revenues of the Group.

NOTES TO THE INCOME STATEMENT

In the first quarter of 2016, in unfavorable scenario and in a economic situation in slight recovery, national demand for electricity decrease slightly compared with the first quarter 2015 (-1.5%; -2.3% on a seasonally adjusted basis); the reduced availability of water resources in the period compared with the first three months of 2015 resulted in a sharp reduction of hydroelectric generation, which was partially offset by an increase in output from thermoelectric sources. Italian consumption of natural gas is almost in line with those of the same period of previous year.

In this scenario, Group **EBITDA** were positive by 172 million euros (51 million euros in the first quarter of 2015), more specifically:

- The adjusted EBITDA[1] of the **Electric Power Operations**, amounting to 43 million euros in decrease compared with 109 million euros in the same period last year, were penalized by the decrease in generation margins and by lower hydroelectric generation due to a reduced availability of water resources during the period compared with same period of 2015.
- The adjusted EBITDA[1] of the **Hydrocarbons Operations** totaled 147 million euros, up compared with the first quarter of 2015 (negative by 37 million euros). The performance for the period benefited from the improved margin realized by the activities engaged in the procurement and sale of natural gas, thanks to the successful conclusion of the arbitration with ENI for the contract to import natural gas from Libya occurred in November 2015. The contribution of Exploration & Production activities, although significant, continue to be penalized as a result of the persisting negative scenario of the oil market.

The **Group's interest in the net result** was negative by 76 million euros (negative of 153 million euros in the first three month of 2015).
In addition to the industrial margin dynamics discussed above, the main factors affecting the result for the period included:

- a net negative change in the fair value of derivatives amounting to 92 million euros (negative by 13 million euros in the first quarter 2015);
- depreciation and amortization for 114 million euros (150 million euros in the first quarter 2015);
- net financial expenses of 30 million euros (net financial income of 31 million euros in 2015) reflect net foreign exchange translation losses for 15 million euros (net gain of 49 million euros in the first quarter 2015).

Moreover it should be noted that the first quarter 2015 was affected by the negative one-off effect related to the application of the repeal of the Robin Hood tax (68 million euros).

[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 (-28 million euros in 2016, +14 million euros in 2015). This reclassification is being made to provide an operational presentation of the industrial results.

1. Sales Revenues – 3,026 million euros

(in millions of euros)	1st quarter 2016	1st quarter 2015	Change	% change
Electric power	1,091	1,283	(192)	(15.0%)
Natural gas	1,139	1,201	(62)	(5.2%)
Steam	17	19	(2)	(10.5%)
Oil	24	39	(15)	(38.5%)
Green certificates	4	31	(27)	(87.1%)
Other sales revenues	4	3	1	33.3%
Sub-total	**2,279**	**2,576**	**(297)**	**(11.5%)**
Transmission revenues	254	382	(128)	(33.5%)
Realized commodity derivatives	452	148	304	n.m.
Margin on trading activities	3	4	(1)	(25.0%)
Storage services	19	22	(3)	(13.6%)
Revenues from services provided	1	1	-	0.0%
Other revenues from sundry services	18	14	4	28.6%
Total for the Group	**3,026**	**3,147**	**(121)**	**(3.8%)**

Breakdown by Business Segment	1st quarter 2016	1st quarter 2015	Change	% change
Electric Power Operations	1,361	1,703	(342)	(20.1%)
Hydrocarbons Operations	1,836	1,676	160	9.5%
Corporate and Other Segments	12	12	-	0.0%
Eliminations	(183)	(244)	61	(25.0%)
Total for the Group	**3,026**	**3,147**	**(121)**	**(3.8%)**

Sales revenues are booked for the most part in the Italian market.

The sales revenues of the **Electric Power Operations** decreased by 20.1% compared with the previous year, mainly due to a decline in average sales prices, driven by the benchmark scenario.

The sales revenues of the **Hydrocarbons Operations,** which were up by 9.5% compared with the first quarter 2015, reflect an increase in sales volumes to industrial and thermoelectric users that offset the reduction of sales prices.

The income from **Realized commodity derivatives**, 452 million euros, which should be analyzed together with the corresponding item included in **Raw materials and services used** (484 million euros), primarily reflects the results of commodities and foreign exchange hedges executed to mitigate the risk of fluctuation in the cost of natural gas used by the Edison Group's facilities portfolios and gas earmarked for direct sales.

Margin on Trading Activities

(in millions of euros)	1st quarter 2016	1st quarter 2015	Change	% change
Margin on physical contracts included in trading portfolios				
Sales revenues	705	704	1	0.1%
Raw materials and services used	(719)	(707)	(12)	1.7%
Total included in sales revenues	**(14)**	**(3)**	**(11)**	**n.m.**
Margin on financial contracts included in trading portfolios				
Sales revenues	75	(5)	80	n.m.
Raw materials and services used	(58)	12	(70)	n.m.
Total included in sales revenues	**17**	**7**	**10**	**n.m.**
Total margin on trading activities	**3**	**4**	**(1)**	**(25.0%)**

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

2. Other Revenues and Income - 20 million euros

(in millions of euros)	1st quarter 2016	1st quarter 2015	Change	% change
Recovery of costs from partners in hydrocarbon exploration projects	6	7	(1)	(14.3%)
Net reversals in earnings of provisions for risks on receivables and other risks	1	1	-	0.0%
Out of period and sundry items	13	23	(10)	(43.5%)
Total for the Group	**20**	**31**	**(11)**	**(35.5%)**

3. Raw Materials and Services Used - 2,820 million euros

(in millions of euros)	1st quarter 2016	1st quarter 2015	Change	% change
Natural gas	873	1,030	(157)	(15.2%)
Electric power	758	853	(95)	(11.1%)
Green certificates	-	-	-	n.m.
CO_2 emissions rights	8	8	-	0.0%
Utilities and other materials	13	18	(5)	(27.8%)
Sub-total	**1,652**	**1,909**	**(257)**	**(13.5%)**
Transmission of electric power and natural gas	463	593	(130)	(21.9%)
Maintenance	32	44	(12)	(27.3%)
Regasification fee	31	32	(1)	(3.1%)
Professional services	21	29	(8)	(27.6%)
Writedowns of trade and other receivables	13	17	(4)	(23.5%)
Realized commodity derivatives	484	185	299	n.m.
Additions to provisions for miscellaneous risks	(1)	(3)	2	(66.7%)
Change in inventories	64	191	(127)	(66.5%)
Use of property not owned	21	27	(6)	(22.2%)
Sundry items	40	48	(8)	(16.7%)
Total for the Group	**2,820**	**3,072**	**(252)**	**(8.2%)**

Breakdown by Business Segment	1st quarter 2016	1st quarter 2015	Change	% change
Electric Power Operations	1,279	1,601	(322)	(20.1%)
Hydrocarbons Operations	1,707	1,695	12	0.7%
Corporate Activities and Other Segments	19	24	(5)	(20.8%)
Eliminations	(185)	(248)	63	25.4%
Total for the Group	**2,820**	**3,072**	**(252)**	**(8.2%)**

4. Labor Costs - 54 million euros

The labor costs is in slight decrease compared with the first quarter 2015 (55 million euros).

5. EBITDA – 172 million euros

(in millions of euros)	1st quarter 2016	as a % of sales revenues	1st quarter 2015	as a % of sales revenues
Reported EBITDA				
Electric Power Operations	71	5.2%	95	5.6%
Hydrocarbons Operations	119	6.5%	(23)	(1.4%)
Corporate Activities and Other Segments	(18)	n.m.	(21)	n.m.
Total for the Group	**172**	**5.7%**	**51**	**1.6%**
Adjusted EBITDA				
Electric Power Operations	43	3.2%	109	6.4%
Hydrocarbons Operations	147	8.0%	(37)	(2.2%)
Corporate Activities and Other Segments	(18)	n.m.	(21)	n.m.
Total for the Group	**172**	**5.7%**	**51**	**1.6%**

The adjusted EBITDA reflect the reclassification to the Electric Power Operations 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.

The performance of the Group's businesses is reviewed below:

- the adjusted EBITDA of the **Electric Power Operations**, in decrease compared with the same period of previous year, reflect the contraction in generation margins and the lower contribution of hydroelectric sector;
- the improvement of adjusted EBITDA of the **Hydrocarbons Operations** is referred, in particular, to the activities engaged in the procurement and sale of natural gas which benefited from the positive conclusion of the arbitration with ENI (November 2015) for the contract to import natural gas from Libya occurred.

6. Net Change in Fair Value of Commodity Derivatives – (92) million euros

(in millions of euros)	1st quarter 2016	1st quarter 2015	Change	% change
Change in fair value in hedging the price risk on energy products:	**32**	**(57)**	**89**	n.m.
- definable as hedges pursuant to IAS 39 (CFH) (*)	(4)	(20)	16	(80.0%)
- definable as hedges pursuant to IAS 39 (FVH)	84	-	84	n.m.
- not definable as hedges pursuant to IAS 39	(48)	(37)	(11)	29.7%
Change in fair value in hedging the foreign exchange risk on commodities:	**(77)**	**44**	**(121)**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	(9)	23	(32)	n.m.
- definable as hedges pursuant to IAS 39 (FVH)	(36)	-	(36)	n.m.
- not definable as hedges pursuant to IAS 39	(32)	21	(53)	n.m.
Change in fair value in physical contracts	**(47)**	-	**(47)**	**n.m.**
Total for the Group	**(92)**	**(13)**	**(79)**	**n.m.**

(*) Referred to the ineffective portion.

This line item reflects the change in fair value for the period on commodity and foreign exchange derivatives executed as economic hedges of the Industrial Portfolio; it is worth mentioning that the Group, while applying hedge accounting where possible, manages the risk of energy commodities and related exchange rate also through forward transactions and derivative instruments not definable as hedges pursuant to IAS 39, the effects of which, therefore, are charged to the Income Statement. This item also includes the ineffective portion of changes in fair value of derivatives eligible to Cash Flow Hedges.

It is worth of mentioning that, starting from January 1, 2016, some hedging relationships have been revoked in order to carry out prospectively new hedging relationship of Fair Value Hedge.

7. Depreciation, Amortization and Writedowns – 114 million euros

(in millions of euros)	1st quarter 2016	1st quarter 2015	Change	% change
Depreciation and amortization of:				
- property, plant and equipment	73	90	(17)	(18,9%)
- exploration costs	25	41	(16)	(39,0%)
- hydrocarbon concessions	13	16	(3)	(18,8%)
- other intangible assets	3	3	-	-
Total for the Group	**114**	**150**	**(36)**	**(24,0%)**

Breakdown by Business Segment	1st quarter 2016	1st quarter 2015	Change	% change
Electric Power Operations:	**43**	**58**	**(15)**	**(25,9%)**
- depreciation and amortization	43	58	(15)	(25,9%)
Hydrocarbons Operations:	**69**	**90**	**(21)**	**(23,3%)**
- depreciation and amortization	69	90	(21)	(23,3%)
Corporate Activities and Other Segments:	**2**	**2**	-	-
- depreciation and amortization	2	2	-	-
Total for the Group	**114**	**150**	**(36)**	**(24,0%)**

The decrease reflects *inter alia* the effects of the writedowns resulting from impairment test performed in December 2015.

8. Other Income (Expense), Net

This item had a zero balance at March 31, 2016, as against a loss of 7 million euros in the first three month of 2015. They reflect nonrecurring items that are not directly related to the current Group's industrial operations.

9. Net Financial Income (Expense) – (30) million euros

(in millions of euros)	1st quarter 2016	1st quarter 2015	Change
Financial income			
Financial income from financial derivatives	1	10	(9)
Interest earned on bank and postal accounts	1	-	1
Interest earned on trade receivables	1	2	(1)
Other financial income	2	6	(4)
Total financial income	**5**	**18**	**(13)**
Financial expense			
Interest accrued on bond issues	(6)	(10)	4
Fair Value Hedge adjustment on bonds	3	3	-
Financial expense from financial derivatives	-	(8)	8
Interest accrued to banks	(1)	(1)	-
Fees	(3)	(4)	1
Financial expense on decommissioning projects and provisions for risks	(7)	(6)	(1)
Interest accrued to other lenders	(4)	(8)	4
Other financial expense	(2)	(2)	-
Total financial expense	**(20)**	**(36)**	**16**
Net foreign exchange translation gains (losses)	**(15)**	**49**	**(64)**
Net financial income (expense) for the Group	**(30)**	**31**	**(61)**

The financial expense benefited by a lower level of indebtedness and by lower cost resulting from a different mix of financial resources.

Concerning the Net foreign exchange translation gains (losses) it is worth of mentioning that in the first quarter 2015 the trend of EUR/USD exchange rate recorded exceptionally positive results, in particular on derivative executed to hedge the foreign exchange risk associated with payment of invoices for fuel procurement activities.

10. Income from (Expense on) Equity Investments - (3) million euros

(in millions of euros)	1st quarter 2016	1st quarter 2015	Change
Income from Equity Investments			
Revaluations of trading securities	-	1	(1)
Revaluations and valuations of investments by the equity method	2	2	-
Total income from equity investments	**2**	**3**	**(1)**
Expenses on Equity Investments			
Writedowns and valuations of investments by the equity method	(4)	(5)	1
Writedowns of available for sale investments	(1)	-	(1)
Total expenses on equity investments	**(5)**	**(5)**	**-**
Total Group income from (expenses on) equity investments	**(3)**	**(2)**	**(1)**

11. Income Taxes – 4 million euros

(in millions of euros)	1st quarter 2016	1st quarter 2015	Change
Current taxes	13	5	8
Net deferred-tax liabilities (assets)	(9)	57	(66)
Income taxes attributable to previous years and other taxes	-	(10)	10
Total for the Group	**4**	**52**	**(48)**

It should be noted that the net deferred tax liabilities and assets of the first quarter 2015 included the one-off negative effect, for 68 million euros, as result of the application of the repeal, decision handed down on February 11, 2015, of the Robin Hood tax, an IRES surcharge levied on companies in the oil and energy sector.

12. Earnings (Loss) per Share

	1st quarter 2016		1st quarter 2015	
(in millions of euros)	**Common shares**	**Savings shares (1)**	Common shares	Savings shares (1)
Group interest in profit (loss)	(76)	(76)	(153)	(153)
Profit (Loss) attributable to the different classes of shares (A)	(77)	1	(154)	1
Weighted average number of shares outstanding (common and savings) determined for the purpose of computing earnings (loss) per share:				
- basic (B)	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)				
- basic (A/B)	(0.0150)	0.0125	(0.0299)	0.0125
- diluted (A/C) (2)	(0.0150)	0.0125	(0.0299)	0.0125

(1) 5% 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 - 3,657 million euros

(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 12.31.2015 (A)	**384**	**2,740**	**54**	**4**	**3**	**7**	**486**	**3,678**
Changes in 2016:								
- Additions	-	6	-	-	-	-	53	59
- Depreciation (-)	(3)	(65)	(4)	-	-	(1)	-	(73)
- Other changes	(1)	-	-	-	-	-	(6)	(7)
Total changes (B)	**(4)**	**(59)**	**(4)**	**-**	**-**	**(1)**	**47**	**(21)**
Balance at 03.31.2016 (A+B)	**380**	**2,681**	**50**	**4**	**3**	**6**	**533**	**3,657**

(*) Referred to 31 hydroelectric concessions.
(**) Recorded as required by IAS 17 revised; the relative financial debt is exposed in "Long-term financial debt and other financial liabilities" (about 3 million euros) and in "Short-term financial debt" (less than 1 million euros).

Breakdown of the additions by Business Segment	**1st quarter 2016**	1st quarter 2015
Electric Power Operations	**8**	**4**
broken down as follows:		
- Thermoelectric area	2	2
- Hydroelectric area	3	1
- Renewable sources area	3	1
Hydrocarbons Operations	**50**	**47**
broken down as follows:		
- Hydrocarbon fields in Italy	6	12
- Hydrocarbon fields outside Italy	41	34
- Transmission and storage infrastructures	3	1
Corporate Activities and Other Segments	**1**	**0**
Total for the Group	**59**	**51**

In particular in the **Hydrocarbons Operations** investments are mainly focused on the Exploration & Production area in Egypt and in Algeria.

The borrowing costs capitalized as part of property, plant and equipment, as allowed by IAS 23 Revised, were not material.

A more detailed analysis of depreciation and writedowns is provided in the "Depreciation, amortization and writedowns" (note 7).

Please note that assets valued at 35 million euros are encumbered as collateral for loans provided by financial institutions.

14. Investment Property - 6 million euros

The Group's investment property, which consists of land and buildings that are not used for production purposes, was unchanged compared with December 31, 2015.

15. Goodwill – 2,355 million euros

(in millions of euros)	03.31.2016	12.31.2015
Electric Power Operations	1,652	1,652
Hydrocarbons Operations	703	703
Total	**2,355**	**2,355**

The balance in this account is an intangible assets 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.

16. Hydrocarbon Concessions - 465 million euros

The hydrocarbon concession decreased, compared with December 31, 2015, by 15 million euros mainly due to the amortization for the period (13 million euros). The Group holds 114 mineral rights in Italy and abroad (including 3 storage concessions).

17. Other Intangible Assets - 126 million euros

(in millions of euros)	Concessions, licenses, patents and similar rights (*)	Exploration costs	Other intangible assets	Work in progress and advances	Total
Balance at 12.31.2015 (A)	**97**	**-**	**16**	**5**	**118**
Changes in 2016:					
- Additions	-	25	10	1	36
- Amortization (-)	(3)	(25)	-	-	(28)
- Other changes	-	-	-	-	-
Total changes (B)	**(3)**	**-**	**10**	**1**	**8**
Balance at 03.31.2016 (A+B)	**94**	**-**	**26**	**6**	**126**

(*) Included the infrastructures used to distribute natural gas (62 concessions) as required by IFRIC 12.

Exploration costs for the period, which were amortized in full when incurred, totaled 25 million euros compared with 41 million euros in 2015.

18. Investments in Associates and Available-for-sale Investments - 234 million euros

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12.31.2015 (A)	**67**	**167**	**234**
Changes in 2016:			
- Changes in shareholders' equity reserves	-	(2)	(2)
- Valuations at equity	(2)	-	(2)
- Valuations at fair value	-	(1)	(1)
- Other changes (+/-)	5	-	5
Total changes (B)	**3**	**(3)**	**-**
Balance at 03.31.2016 (A+B)	**70**	**164**	**234**

Changes in shareholders' equity reserves, negative by 2 million euros, refer to the distribution of the reserves for advances on capital contributions by Terminale GNL Adriatico Srl. The **Valuations at fair value**, negative by 1 million euros, are referred to RCS Mediagroup Spa, were recorded in income statement.

19. Other Financial Assets - 25 million euros

(in millions of euros)	03.31.2016	12.31.2015	Change
Escrow bank deposits	8	15	(7)
Sundry items	17	16	1
Total other financial assets	**25**	**31**	**(6)**

Other financial assets consist of financial receivable due in more than one year.

20. Deferred-tax Assets - 653 million euros

(in millions of euros)	03.31.2016	12.31.2015	Change
Deferred-tax assets:			
Tax loss carryforward	41	33	8
Taxed provisions for risks	89	81	8
Adoption of IAS 39 to value financial instruments with impact:			
- on shareholders' equity	252	309	(57)
Valuation differences of property, plant and equipment and intang	271	279	(8)
Deferred-tax assets	**653**	**702**	**(49)**

Deferred-tax assets were valued based on assumptions that they would probably be realized and the tax benefits recovered within the limited time horizon covered by the industrial plans of the various companies. For more details, see the information provided in Note 11 "Income Taxes".

21. Other Assets – 319 million euros

(in millions of euros)	03.31.2016	12.31.2015	Change
Fair value on industrial portfolio derivatives (*)	256	225	31
Tax refunds receivable	36	36	-
Security deposits / others	27	19	8
Total Other assets	**319**	**280**	**39**

(*) A comprehensive review is provided in the Section "Group Financial Risk Management".

22. Current Assets - 4,602 million euros

(in millions of euros)	03.31.2016	12.31.2015	Change
Inventories	182	253	(71)
Trade receivables	2,262	2,367	(105)
Current-tax assets	12	20	(8)
Other receivables	1,771	1,654	117
Current financial assets	113	113	-
Cash and cash equivalents	262	279	(17)
Total current assets	**4,602**	**4,686**	**(84)**

- 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 03.31.2016**	Total at 12.31.2015	Change
Electric Power Operations	8	-	-	11	43	2	64	71	(7)
Hydrocarbons Operations	33	69	16	-	-	-	118	182	(64)
Total for the Group	**41**	**69**	**16**	**11**	**43**	**2**	**182**	**253**	**(71)**

The net decrease for the period (71 million euros)refers mainly to inventory reduction of stored natural gas. The inventories of Green certificates and CO_2 are mainly related to the trading activity.

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

(in millions of euros)	03.31.2016	12.31.2015	Change
Electric Power Operations	897	854	43
Hydrocarbons Operations	1,373	1,525	(152)
Corporate Activities and Other Segments and Eliminations	(8)	(12)	4
Total trade receivables	**2,262**	**2,367**	**(105)**
Of which Allowance for doubtful Accounts	**(332)**	**(327)**	**(5)**

Specifically, trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas and Power Exchange transactions.

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

(in millions of euros)	12.31.2015	Additions	Utilizations	03.31.2016
Allowance for doubtful accounts (*)	**(327)**	(12)	7	**(332)**

(*) Included default interests.

Additions to the allowance reflect the result of an assessment, performed consistent with the Group's policy, of the different status of 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; for additional details please consult the disclosure in the section entitled "Group Financial Risk Management".

- **Current-tax assets** of 12 million euros include amounts owed by the tax authorities for overpayments of regional taxes (IRAP) and corporate income taxes (IRES) by companies that are not included in the consolidated income tax return filed by Transalpina di Energia Spa.
- A breakdown of **other receivables**, is provided in the table below:

(in millions of euros)	03.31.2016	12.31.2015	Change
Fair Value on industrial portfolio derivatives and trading activities (*)	1,155	1,140	15
Amounts owed by partners and associates in hydrocarbon exploration projects	75	75	-
Advances to suppliers	38	11	27
Amounts owed by the controlling company in connection with the filing of the consolidated income tax return	11	9	2
VAT credit	162	141	21
Sundry items	330	278	52
Total other receivables	**1,771**	**1,654**	**117**

(*) A comprehensive review is provided in the Section "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)	03.31.2016	12.31.2015	Change
Loans receivable	82	83	(1)
Derivatives	29	28	1
Equity investments held for trading	2	2	-
Total current financial assets	**113**	**113**	-

The main component of loans receivable is a loan provided to Elpedison Sa (formerly Elpedison Power Sa) which in September 2015 was renewed until September 2016, with payment of the principal amount in one lump sum at maturity date.

- **Cash and cash equivalents** of 262 million euros (279 million euros at December 31, 2015) consist of short-term deposits in bank and postal accounts and other short-term investments and included. This item also includes the current account established with EDF Sa with a positive balance for 81 million euros.

23. Assets held for sale - 138 million euros

The decrease of 74 million euros compared with December 31, 2015 (212 million euros) is mainly due to the company Hydros Spa that at December 31, 2015 was consolidated line by line while, as from January 1, 2016, was valued by the equity method.

For more detailed information about this transaction, please refers to the paragraph Disclosure Pursuant to IFRS 5 Disposal Group – "Hydroelectric Activities Reorganization".

Liabilities and Shareholders' Equity

24. Shareholders' Equity Attributable to Parent Company Shareholders - 5,475 million euros - and Shareholders' Equity Attributable to Minority Shareholders - 369 million euros

The shareholders' equity attributable to Parent Company shareholders was 36 million euros more than at December 31, 2015 (5,439 million euros); it mainly reflects the net loss for the period (76 million euros) and the positive changes in the Cash Flow Hedge reserves (105 million euros).

The shareholders' equity attributable to minority shareholders was 68 million euros less than at December 31, 2015 (437 million euros); the reduction reflects, in addition to the net profit for the period (5 million euros) and the declaration of dividends' distribution to minority shareholders (7 million euros), the effect related to the deconsolidation of Hydros, actually valuated by equity method.

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	**5.291.700.671**	**5.292**

Shareholder's Equity per share Attributable to Parent Company Shareholders	03.31.2016	12.31.2015
Shareholder's Equity Attributable to Parent Company Shareholders (in millions of euros)	5.475	5.439
Shareholder's Equity per share Attributable to Parent Company Shareholders (in euros)	1,035	1,028

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 effective portion of derivatives executed to hedge price and foreign exchange risks on energy commodities. The amounts recognized directly in equity are reflected in the income statement in line with the effects of the hedged item.

Cash Flow Hedge reserve (in millions of euros)	Gross reserve	Taxes	Net reserve
Reserve at December 31, 2015	(986)	309	(677)
Changes in the period	162	(57)	105
Reserve at March 31, 2016	**(824)**	**252**	**(572)**

25. Provision for Employee Severance Indemnities and Provisions for Pensions - 31 million euros

Unchanged compared with December 31, 2015 the amount reflects the accrued severance indemnities and other benefits owed to employees at the end of period. The actuarial gains and 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.

26. Provision for Deferred Taxes - 23 million euros

The table shows a breakdown of the provision by type of underlying temporary difference and the deferred-tax assets led to offset when they meet the requirements of IAS 12.

(in millions of euros)	03.31.2016	12.31.2015	Change
Deferred-tax liabilities:			
Valuation differences of property, plant and equipment and intangibles	65	61	4
Other deferred-tax liabilities	40	43	(3)
Total (A)	**105**	**104**	**1**
Deferred-tax assets usable for offset purposes:			
Taxed provisions for risks	10	-	10
Tax-loss carryforward	15	14	1
Valuation differences of property, plant and equipment and intangibles	23	24	(1)
Other deferred-tax assets	34	34	-
Total (B)	**82**	**72**	**10**
Total provision for deferred taxes (A-B)	**23**	**32**	**(9)**

For additional details, see the information provided in Note 11 "Income Taxes" and in Note 20 "Deferred-tax Assets", earlier in this Report.

27. Provisions for Risks and Charges - 1,123 million euros

(in millions of euros)	12.31.2015	Additions	Utilizations	Other changes	03.31.2016
Risks for disputes, litigation and contracts	129	-	-	-	129
Charges for contractual guarantees on sale of equity investments	75	-	-	-	75
Environmental risks	69	-	(1)	-	68
Other risks and charges	10	-	-	-	10
Disputed tax items	55	1	(2)	-	54
Total for legal and tax disputes	**338**	**1**	**(3)**	**-**	**336**
Provisions for decommissioning and remediation of industrial sites	688	6	-	(15)	679
Provision for CO2 emission rights	-	-	-	7	7
Other risks and charges	97	4	(2)	2	101
Total for the Group	**1,123**	**11**	**(5)**	**(6)**	**1,123**

More detailed information about the issues that resulted in the current composition of **Provisions for legal and tax disputes** is provided in the paragraph as entitled "Risks and contingent liabilities associated with legal and tax disputes" of 2015 Consolidated Financial Statements and in the corresponding updates provided later in these notes.

The **Provisions for decommissioning and remediation of industrial sites**, 679 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.

28. Bonds - 599 million euros

The balance of 599 million euros (599 million euros at December 31, 2015), represents the non-current portion of the Edison Spa bond issue; the table below shows the total amount outstanding at March 31, 2016 and the term of the bond issue.

(in millions of euros)	Market where traded	Currency	Par value outstanding	Coupon	Rate	Maturity	Carrying value: Non-current portion	Carrying value: Current portion	Carrying value: Total	Fair value
Edison Spa	Luxembourg Secur. Exch.	EUR	600	Annual in arrears	3,875%	11.10.2017	599	32	631	646

The valuation at amortized cost of the bond issue, 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.

29. Long-term Financial Debt and Other Financial Liabilities – 633 million euros

(in millions of euros)	03.31.2016	12.31.2015	Change
Due to banks	160	165	(5)
Due to other lenders	473	475	(2)
Total for the Group	**633**	**640**	**(7)**

The amount **due to other lenders** includes:

- the loan with a seven-year maturity provided in 2013 to Edison Spa by EDF Investissement Groupe Sa with an original face value of 800 million euros, 400 million euros of which repaid in advance in December 2015;
- the medium-long term credit line, drawn down for 70 million euros (total face value of 200 million euros), provided by EDF Sa to Edison Spa in connection with investment projects and originating from a credit line provided by the EIB to EDF Sa. Additional detail are disclosed in the paragraph "Liquidity risk" in the Section "Group Financial Risk Management" of 2015 Consolidated Financial Statements.

30. Other Liabilities – 255 million euros

(in millions of euros)	03.31.2016	12.31.2015	Change
Fair Value on industrial portfolio derivatives (*)	252	314	(62)
Other liabilities	3	1	2
Total other liabilities	**255**	**315**	**(60)**

(*) A comprehensive review is provided in the Section "Group Financial Risk Management".

31. Current Liabilities - 4,072 million euros

(in millions of euros)	03.31.2016	12.31.2015	Change
Bonds	32	28	4
Short-term financial debt	252	306	(54)
Trade payables	1,487	1,623	(136)
Current taxes payable	22	25	(3)
Other liabilities	2,279	2,177	102
Total current liabilities	**4,072**	**4,159**	**(87)**

In particular it should be noted:

- **Bonds**, amounting to 32 million euros, include the total accrued interest at March 31, 2016.
- **Short-term financial debt** includes:

(in millions of euros)	03.31.2016	12.31.2015	Change
Debt due to banks	76	45	31
Debt due to EDF companies	5	59	(54)
Debt due to unconsolidated Edison Group companies	15	16	(1)
Debt due to other lenders	156	186	(30)
Total Short-term financial debt	**252**	**306**	**(54)**

- A breakdown of **trade payables** is provided below:

(in millions of euros)	03.31.2016	12.31.2015	Change
Electric Power Operations	752	846	(94)
Hydrocarbons Operations	725	742	(17)
Corporate Activities and Other Segments and Eliminations	10	35	(25)
Total trade payables	**1,487**	**1,623**	**(136)**

  Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance.

- **Current taxes payable** of 22 million euros represent the income taxes liability which are paid directly by the companies upon which they are levied.
- A breakdown of **other liabilities** is as follows:

(in millions of euros)	03.31.2016	12.31.2015	Change
Fair Value on industrial portfolio derivatives and trading activities (*)	1,660	1,623	37
Amount owed to the controlling company in connection with the filing of a consolidated tax return	202	196	6
Amounts owed to joint holders of permits for hydrocarbon exploration	110	131	(21)
Payables owed to Tax Administration (other than current tax payables)	6	8	(2)
Amount owed to employees	27	29	(2)
Payables owed to social security institutions	18	21	(3)
Amounts owed to shareholders	3	-	3
Sundry items	253	169	84
Total other liabilities	**2,279**	**2,177**	**102**

(*) A comprehensive review is provided in the Section "Group Financial Risk Management".

32. Liabilities held for sale

The decrease of 7 million euros compared with December 31, 2015 (7 million euros) is due to the company Hydros Spa that at December 31, 2015 was consolidated line by line while, as from January 1, 2016, was valued by the equity method.

NET FINANCIAL DEBT

At March 31, 2016 net financial debt totaled 1,141 million euros, slightly less than the 1,147 million euros owed at December 31, 2015.

Consistent with the practice followed at the end of 2015, the table below provides a simplified breakdown of the Group's net financial debt:

(in millions of euros)	*See note*	**03.31.2016**	12.31.2015	Change
Bonds - non-current portion	*28*	599	599	-
Non-current bank loans	*29*	160	165	(5)
Amounts due to other lenders - non-current portion	*29*	473	475	(2)
Non current net financial debt		**1,232**	**1,239**	**(7)**
Bonds - current portion	*31*	32	28	4
Short-term financial debt	*31*	252	306	(54)
Current financial assets	*22*	(113)	(113)	-
Cash and cash equivalents	*22*	(262)	(279)	17
Current net financial debt		**(91)**	**(58)**	**(33)**
Financial debt held for sale		-	-	-
Financial asset held for sale	*23*	-	(34)	34
Net financial debt		**1,141**	**1,147**	**(6)**

Net financial debt includes the non-current loans outstanding with EDF Group companies for a face value of 470 million euros and the current account established with EDF Sa as a credit balance for about 81 million euros.

The short-term financial debts included debt owed to unconsolidated Edison Group companies for 16 million euros.

COMMITMENTS, RISKS AND CONTINGENT ASSETS

Commitments - 1,623 million euros

(in millions of euros)	03.31.2016	12.31.2014	Change
Guarantees provided	1,441	1,173	268
Collateral provided	68	65	3
Other commitments and risks	114	124	(10)
Total for the Group	**1,623**	**1,541**	**261**

Guarantees provided (1,441 million euros) were determined based on the undiscounted amount of contingent commitments on the balance sheet date. They consist mainly of guarantees provided by the Group's Parent Company or by banks with the Parent Company's counter-guarantee to secure the performance of contractual obligations by subsidiaries and affiliated companies. They also include 71 million euros (unchanged compared with December 31, 2015) in guarantees provided to the Revenue Office on behalf of subsidiaries for the offsetting of VAT credits and those provided in connection with the intra-Group assignment of tax credits.
The increase in the period is related to the introduction of the new electricity distribution system code for which, for economic efficiency, has been issued new bank guarantees in favor for the owners of the electric system in substitution of the previous Parent Company Guarantees, that are temporarily still active waiting their formal cancellation.
Collateral provided (68 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 (35 million euros).
Other commitments and risks (114 million euros) reflect primarily commitments undertaken to complete investment projects under construction in Italy and abroad (62 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 no commitments were recorded at March 31, 2016 as at December 31, 2015.

Unrecognized Commitments and Risks

There were no significant changes regarding the main risks and commitments not included in the amounts above in the period compared with disclosures in the 2015 Consolidated Financial Statements, which should be consulted for more complete and comprehensive information. In particular, the **Hydrocarbons Operations** entered into long term contracts for the importation of natural gas from Algeria, Libya, Qatar and Russia. 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	13.1	49.5	114.5	**177.1**

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 affecting the main legal and tax disputes that occurred in the first quarter 2016 is provided in this paragraph, listing separately actions involving Edison Spa and actions involving other Group companies, with a further differentiation between:

- **probable liabilities**, for which it was possible to develop a reliable estimate of the underlying expected obligation and recognize a corresponding provision for risks, even though the timing of any resulting monetary outlay cannot be objectively predicted; and
- **contingent liabilities**, which are dependent on the occurrence of events that are possible, but not 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, with regard to which only a disclosure is provided in the notes to the financial statements.

Please see the disclosure provided in the 2015 Consolidated Financial Statements for a comprehensive review of these issues.

Probable liabilities associated with legal disputes

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

Edison Spa

Date started / Jurisdiction	Description of dispute	Status of proceedings
Ausimont – Bussi sul Tirino – Criminal Proceedings		
2008 Court of Pescara / Chieti Court of Assizes / Court of Cassation	In terms of the criminal proceedings related to the alleged negligent poisoning of water intended for human consumption and environmental disaster, for which three former managers of the Montedison Group and others are allegedly responsible, on March 18, 2016, the Court of Cassation dismissed the *per saltum* appeal - whereby immediate level proceedings are bypassed - brought by the Public Prosecutor of Pescara against the decision of December 2014, in which the Chieti Court of Assizes acquitted all the defendants, and remanded the case to the Appeal Court of Assizes of Aquila. The Company is waiting for the Court to make available the details of its decisions. However, it is important to keep in mind that Edison, further to the decision by all defendants to opt for summary judgement proceedings, was excluded *ex lege* from this trial.	As per the description of the dispute.

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Contingent liabilities associated with legal disputes

There were no developments compared with the disclosure provided in the 2015 Consolidated Financial Statements.

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Probable Liabilities Associated with Tax Disputes

There were no developments compared with the disclosure provided in the 2015 Consolidated Financial Statements.

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Contingent liabilities associated with tax disputes

There were no developments compared with the disclosure provided in the 2015 Consolidated Financial Statements.

Edison Spa

Date started / Assessing office	Description of dispute	Status of proceedings
Disputed Municipal Property Taxes (ICI) on Offshore Hydrocarbon Production Platforms		
Various assessments for local taxes (ICI and IMU) from various municipalities, from 2005 to the present	In February 2016, in a dispute between ENI and the Municipality of Pineto, the Court of Cassation ruled that offshore platforms should also be subject to ICI local property tax, and if there is no land registry income, the rateable value must be calculated on the basis of the financial statements. The decision issued against ENI cannot currently be considered to represent a well-established position by the Court of Cassation, and even though the Company is monitoring subsequent case law and the expected regulatory response, it will continue to argue that platforms are not subject to ICI/IMU local property tax up to December 31, 2015. In any case, the matter should be considered to have been resolved from January 2016, with the entry into effect of new regulations (known as regulations on bolted structures), whereby plants and equipment used for production processes do not form part of the basis of assessment.	Assessments pending, at various levels of the judicial process, before the merit and relevant courts.
Income Tax Assesments for 1995 and 1996 (Merged Edison Spa)		
Assessments for corporate and local income taxes (IRPEG and ILOR) notified in december 2001	On April 15, 2016, the Court of Cassation filed a ruling overturning the ruling in favour of the company issued by the Regional Tax Commission of Milan in 2007, remanding it to the other section of the Regional Tax Commission so that it can examine the classification of capital account payments made by the merged entity Edison Spa to foreign subsidiaries. The Company is assessing the possible impacts of the decision.	Overturned, remanding the case to the Regional Tax Commission.

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Contingent assets

There were no developments compared with the disclosure provided in the 2015 Consolidated Financial Statements.

GROUP FINANCIAL RISK MANAGEMENT

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

A more detailed description of these issues is provided in 2015 Consolidated Financial Statements.

In accordance with IFRS 7, consistent with Report on Operations, 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 (PaR1) — 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 or Fair Value Hedge) while others qualify as management standpoint (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 2015 Consolidated Financial Statements.

The table below shows the maximum negative variance in the fair value of outstanding derivatives expected over the time horizon of the reporting period, with a 97.5% probability, compared with the fair value determined at March 31, 2016. In other words, compared with the fair value determined for financial derivatives outstanding at March 31, 2016, the probability of a negative variance greater than 510.7 million euros by the end of 2016 is limited to 2.5% of the scenarios.

Profit at Risk (PaR) (in millions of euros)	**03.31.2016**	**03.31.2015**	**12.31.2015**
Maximum negative variance in the fair value (*)	510.7	520.1	653.6

(*) With a level of probability of 97.5%.

The trend is in line with those of the previous year.

The hedging strategy deployed during the period enabled the Group to comply with its risk management objectives; the Industrial Portfolio's commodity price risk profile within the approved limit of Economic Capital in terms of absorption of economic capital is the following:

Industrial portfolios	**1st quarter 2016**		**1st quarter 2015**	
Economic Capital absorbed	**without derivatives**	**with derivatives**	**without derivatives**	**with derivatives**
Average absorption of the approved limit of Economic Capital	179%	66%	75%	70%
Maximum absorption	264% -. Jan. '16	87% -. Jan. '16	88% - Jan. '15	98% - Jan. '15

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.

Value at Risk (VaR) (*)	**03.31.2016**	**03.31.2015**
Daily VaR Limit (**)	2.3 million euros	2.7 million euros
Stop Loss Limit	12 million euros	13.9 million euros
Utilized VaR limit at the end of the period	9%	35%
Average utilized VaR limit in the period	12%	24%

(*) 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.

(**) With a level of probability of 95%.

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.

Trading Portfolios **Economic Capital absorbed**	**1st quarter 2016**	**1st quarter 2015**
Economic Capital's limit	35.7 million euros	42 million euros
Utilization at the end of the period	12%	40%
Average utilization in the period	16%	28%

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. Additional information about types of risk and objectives of foreign exchange risk management can be found in the extensive remarks provided in the notes to the 2015 Consolidated Financial Statements.

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 mainly manages with the negotiation of the loans; except for the hedging related to the bond issue derivatives qualify for hedge accounting under IAS 39 (Fair Value Hedges).

Gross Financial Debt	**03.31.2016**			**12.31.2015**		
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)	1,011	411	27%	1,009	409	26%
- variable rate portion	505	1,105	73%	564	1,164	74%
Total gross financial debt	**1,516**	**1,516**	**100%**	**1,573**	**1,573**	**100%**

As shown in the above table, in the first quarter 2016 the Edison Group did not carry out significant financial transactions and did not changed its interest rate risk management strategy, remaining almost unchanged the distribution of the financial structure between fixed rate and rate variable. 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 2016 and provides a comparison with the 2015.

Sensitivity analysis (in millions of euros)	**1st quarter 2016** **Impact on financial expense (P&L)**			**03.31.2016** **Impact on the Cash Flow Hedge reserve (S.E.)**		
	+50 bps	**base**	**-50 bps**	**+50 bps**	**base**	**-50 bps**
Edison Group	**7**	**6**	**5**	**-**	**-**	**-**
Sensitivity analysis (in millions of euros)	**1st quarter 2015** **Impact on financial expense (P&L)**			**12.31.2015** **Impact on the Cash Flow Hedge reserve (S.E.)**		
	+50 bps	**base**	**-50 bps**	**+50 bps**	**base**	**-50 bps**
Edison Group	**12**	**11**	**10**	**-**	**-**	**-**

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 quarter of 2016 totaled 1,364 million euros (1,683 million euros at March 31, 2015). At March 31, 2016, these receivables were exposed to the risk of recourse for an amount lower 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 March 31, 2016, there were no significant exposures to risks related to a possible further 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 receivable, the corresponding allowance for doubtful accounts and the guarantees held to secure the receivables.

(in millions of euros)	**03.31.2016**	12.31.2015
Gross trade receivables	2,594	2,694
Allowance for doubtful accounts (-)	(332)	(327)
Trade receivables	**2,262**	**2,367**
Guarantees held (*)	420	428
Receivables less than 6 in arrears	156	163
Receivables 6 to 12 months in arrears	108	116
Receivables more than 12 months in arrears	421	402

(*) Including 133 million euros to hedge receivables outstanding at March 31, 2016.

The ongoing credit management approach, differentiated for the three market segments (Retail, Business and Public Administration) with the aim, with structural actions, to prevent the accumulation of new receivables and quickly reduce current receivables and receivables in arrears, continues in 2016. A more detailed description of these issues is provided in 2015 Consolidated Financial Statements.

With regard to foreign activities, it is worth noting that the past-due receivables owed in Egypt at March 31, 2016 by the Egyptian General Petroleum Corporation (EGPC) (201 million euros), increased by 17 million euros compared with December 31, 2015.

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.

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; the future cash outflows referred to the liabilities include, in addition to principal and accrued interest, also all interest payments estimated for the entire length of the underlying debt obligation and 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)	03.31.2016 1 to 3 months	03.31.2016 More than 3 months and up to 1 year	03.31.2016 After 1 year	12.31.2015 1 to 3 months	12.31.2015 More than 3 months and up to 1 year	12.31.2015 After 1 year
Bonds	-	23	623	-	23	623
Financial debt and other financial liabilities	124	1	671	172	14	673
Trade payables	1,457	30	-	1,594	29	-
Total	**1,581**	**54**	**1,294**	**1,766**	**66**	**1,296**
Guarantees provided to third parties (*)	**1,026**	**181**	**234**	**683**	**211**	**279**

(*) 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.

At March 31, 2016 the Group ,considering the financial deadlines during the year, had sources of founding that more than exceed the needs: to tackle daily cash imbalances, in addition to the possible use of the overdraft facility (up to 199 million euros) on a treasury current account established with EDF Sa, Edison is provided with two revolving credit line, fully available at March 31, 2016. In *primis* the 600-million-euros credit line provided by EDF Sa, expiring in April 2017; and secondly, a 500-million-euro revolving credit line expiring in November 2016, provided by a group of banks on a Club Deal basis.

The financial debt maturing after one year (1,294 million euros) includes the facility provided by EDF Investissements Groupe Sa, maturing on April 9, 2020, for 400 million euros, a bond issue with a face value of 600 million euros maturing on November 10, 2017 and other long-term financial liabilities (242 million euros at March 31, 2016) mainly to finance storage investments projects.

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 bond issue floated by the Group (Euro Medium Term Note) with a total face value of 600 million euros was outstanding at March 31, 2016:

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturity	Face value (in millions of euros)	Coupon	Current rate
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 1,255 million euros, the unused portion of which was 605 million euros at March 31, 2016, and syndicated facilities amounting to 500 million euros on base club deal fully unused at March 31, 2016.

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, 2015. Additional information can be found in the extensive remarks provided in the notes to the 2015 Consolidated Financial Statements.

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 foreign exchange and price risk on energy commodities related to the Industrial Portfolio. For all derivatives that comply with internal risk policies and procedures, realized results and expected values are either included in EBIT.
   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, 2015, 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.

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 at March 31, 2016 and their classification on the fair value hierarchy as required by IFRS 13

Fair value recorded in Balance Sheet and classification by IFRS 13:

(in millions of euros)	03.31.2016		12.31.2015	
	Receivables	**Payables**	Receivables	Payables
Foreign exchange transactions	123	(68)	274	(10)
Interest rate transactions	29	-	28	-
Physical Trading transactions	323	(250)	216	(138)
Other commodity transactions	965	(1,594)	875	(1,789)
Fair value recognized as current assets or current liability (a)	**1,440**	**(1,912)**	**1,393**	**(1,937)**
Broken down as follows:				
- recognized as "Other receivables" and "Other liabilities"	1,155	(1,660)	1,140	(1,623)
- recognized as "Other assets" and "Non-current other liabilities"	256	(252)	225	(314)
- recognized as "Current financial assets" and "Short-term financial debt"	29	-	28	-
Broken down on fair value hierarchy:				
- Level 1	39	(55)	25	(16)
- Level 2	1,401	(1,848)	1,368	(1,914)
- Level 3 (*)	-	(9)	-	(7)
IFRS 7 potential offsetting (b)	**(669)**	**669**	**(602)**	**602**
Potential net Fair Value (a+b)	**771**	**(1,243)**	**791**	**(1,335)**

(*) The fair value classified at Level 3 is recognized in Raw materials and services used.

Fair value on industrial derivatives portfolio and trading activities:

(in millions of euros)	03.31.2016			12.31.2015		
Fair value on industrial derivatives portfolio and trading activities	**Receivables**	**Payables**	**Net amount**	Receivables	Payables	Net amount
Broken down as follows:						
- recognized as "Other receivables" and "Other liabilities"	1.155	(1.660)	(505)	1.140	(1.623)	(483)
- recognized as "Other assets" and "Non-current other liabilities"	256	(252)	4	225	(314)	(89)
Total	**1.411**	**(1.912)**	**(501)**	**1.365**	**(1.937)**	**(572)**
Broken down as follows:						
- on industrial portfolio	956	(1.498)	(542)	1.074	(1.658)	(584)
- on trading activities (physical and financial)	455	(414)	41	291	(279)	12

It is worth of mentioning that, starting from January 1, 2016, some hedging relationships have been revoked in order to carry out prospectively new hedging relationship of Fair Value Hedge.

A negative Cash Flow Hedges reserve amounting to 824 million euros (before tax effects) was recognized in equity.

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 March 31, 2016 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. It worth of mentioning the transaction of contribution to Edison Spa by Transalpina di Energia of 100% of its equity stake in Fenice; this transaction, as further described in Significant Events occurring after March 31, 2016, has effect from April 1, 2016.

(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	69	-	1	**70**	**70**	**100.0%**
Other financial assets	4	-	-	**4**	**25**	**16.0%**
Trade receivables	-	-	50	**50**	**2,262**	**2.2%**
Other receivables	1	13	39	**53**	**1,771**	**3.0%**
Current financial assets	80	-	1	**81**	**113**	**71.7%**
Cash and cash equivalents	-	81	-	**81**	**262**	**-**
Long-term financial debt and other financial liabilities	-	70	398	**468**	**633**	**73.9%**
Short-term financial debt	16	64	4	**84**	**252**	**33.3%**
Trade payables	1	1	53	**55**	**1,487**	**3.7%**
Other liabilities	1	204	3	**208**	**2,279**	**9.1%**
Income Statement transactions:						
Sales revenues	-	1	185	**186**	**3,026**	**6.1%**
Other revenues and income	1	-	-	**1**	**20**	**5.0%**
Raw materials and services used	(4)	(2)	(117)	**(123)**	**(2,820)**	**4.4%**
Financial income	2	-	-	**2**	**5**	**40.0%**
Financial expense	-	(1)	(3)	**(4)**	**(20)**	**20.0%**
Net foreign exchange translation gains (losses)	-	20	-	**20**	**(15)**	**n.m.**

A) Transactions with unconsolidated Edison Group companies

These transactions, which represent outstanding transaction with unconsolidated Group companies, joint venture and affiliated companies, primarily include:

- financial transactions, such as lending facilities;
- commercial transactions, mainly related to the electric power sector.

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 March 31, 2016 showed a credit of 107 million euros. The latter amount does not include the interim application for reimbursement for 41 million euros.

B) Transactions with controlling companies

Consolidated IRES Return held by Transalpina di Energia Spa

The consolidated corporate income tax (IRES) return filed by Transalpina di Energia Spa (TdE), which includes the principal Group's companies, is being renewed for a further three years period.

Short term deposit

With the aim to optimize available financial resources, Transalpina di Energia Spa provided Edison Spa with funding in the form of a short term deposit; this deposit totaled 63 million euros at March 31, 2016.

Centralized Cash Management System by EDF Sa

Please note that at March 31, 2016, the current account established by Edison Spa with EDF Sa had a credit balance for 81 million euros.

Loans by EDF Sa

The credit line granted by EDF Sa to Edison Spa (face amount of 600 million euros) was renewed for two years at its maturity date of April 9, 2015. The loan was provided on terms in line with those granted in the financial market to companies with Edison's credit rating. This credit line was fully available at March 31, 2016.

It should be noted that, in December 2015, EDF Sa provided to Edison Spa with a new medium/long-term credit facility for a maximum amount of 200 million euros, earmarked for investment projects and originating from a credit facility provided by the EIB to EDF Sa; a total of 70 million euros had been drawn against this line at March 31, 2016 (amount unchanged compared with December 31, 2015).

Other intercompany transactions with EDF Sa

With regard to contracts for services rendered by EDF Sa (mainly financial) and other recharges of expenses, the costs for the period amounted to about 2 million euros. It is worth mentioning that in the context of financial transactions Edison entered into transactions to hedge the exchange rate risk that, affected by the currencies' trend, generated net realized gains for about 20 million euros.

C) Transactions with other EDF Group companies

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

1) Operational Transactions

(in millions of euros)	EDF Trading Ltd	EDF EN Service Italia	Citelum	Fenice Group	Others	**Total**
Balance Sheet transactions						
Trade receivables	44	-	5	1	-	**50**
Other receivables	34	-	-	-	5	**39**
Trade payables	46	7	-	-	-	**53**
Other liabilities	3	-	-	-	-	**3**
Income Statement transactions						
Sales Revenues	**180**	-	**3**	**1**	**1**	**185**
Electric power and natural gas	58	-	3	1	-	62
Realized commodity derivatives	116	-	-	-	-	116
Margin on physical trading activities	6	-	-	-	-	6
Margin on financial trading activities	-	-	-	-	-	-
Others	-	-	-	-	1	1
Raw materials and services used	**(109)**	**(8)**	-	-	-	**(117)**
Electric power and natural gas	(80)	-	-	-	-	(80)
Realized commodity derivatives	(29)	-	-	-	-	(29)
Plant maintenance	-	(8)	-	-	-	(8)

2) Financial Transactions

The only financial transactions executed with other companies of the EDF Group is reviewed below:

Loan by EDF Investissements Groupe Sa

It should be noted that the long-term loan provided to Edison Spa (face amount of 800 million euros with maturity on April 9, 2020) was reimbursed for 400 million euros in December 2015. The loan was provided on terms in line with those available in the financial market to companies with Edison's credit rating. The financial expenses accrued during the period amounted to 3 million euros.

OTHER INFORMATION

Significant Nonrecurring Events and Transactions

The Edison Group declares that it did not execute significant nonrecurring events and transactions in the first quarter of 2016, pursuant to CONSOB Communication No. DEM/6064293 of July 28, 2006,

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 quarter of 2016 as defined in the CONSOB Communication No. DEM/6064293 of July 28, 2006.

* * * * *

SIGNIFICANT EVENTS OCCURRING AFTER MARCH 31, 2016

Contribution in kind of Fenice to Edison

On March 22, 2016 the Shareholders' Meeting approved the contribution in kind to Edison Spa, by its controlling shareholder Transalpina di Energia Spa, of 100% of its equity stake in Fenice Spa (an EDF Group company specialized in energy solutions and environmental services). The transaction, which required the share capital increase in kind of Transalpina di Energia Spa for a total amount 247 million euros, about 85 million euros for nominal capital increase and about 162 million euros as share premium, was carried out with effect from April 1, 2016.

Since that date Fenice will be fully consolidated in Edison.

Milan, May 10, 2016

The Board of Directors

By Marc Benayoun

Chief Executive Officer

SCOPE OF CONSOLIDATION

at March 31, 2016

SCOPE OF CONSOLIDATION AT MARCH 31, 2016

List of equity investments

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 03.31.2016	Consolidated Group interest (a) 12.31.2015	Interest held in share capital % (b)	Interest held in share capital by	Type of investment relationship (e)	Notes

A) Investments in companies included in the scope of consolidation

A.1) Companies consolidated line by line

Company name	Head office	Currency	Share capital	03.31.2016	12.31.2015	% (b)	by	Type (e)	Notes
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)
Dolomiti Edison Energy Srl	Trento (IT)	EUR	5,000,000	49.00	49.00	49.00	Edison Spa	S	-
E2i Energie Speciali Srl ex Edison Energie Speciali Srl	Milan (IT)	EUR	4,200,000	24.99	24.99	30.00	Edison Partecipazioni Energie Rinnovabili Srl	S	-
Edison Energia Spa (single shareholder) - Electric Power Activities	Milan (IT)	EUR	23,000,000	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	Milan (IT)	EUR	20,000,000	83.30	83.30	83.30	Edison Spa	S	(i)
Edison Trading Spa (single shareholder)	Milan (IT)	EUR	30,000,000	100.00	100.00	100.00	Edison Spa	S	(i)
Gever Spa	Milan (IT)	EUR	10,500,000	51.00	51.00	51.00	Edison Spa	S	-
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.00	70.00	70.00	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	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)
Edison E&P UK Ltd	London (GB)	GBP	81,867,411	100.00	100.00	100.00	Edison International Holding Nv	S	-
Edison Energia Spa (single shareholder) - Hydrocarbons Activities	Milan (IT)	EUR	23,000,000	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 Norge As	Stavanger (N)	NOK	2,000,000	100.00	-	100.00	Edison International Spa (single shareholder)	S	-
Edison North Sea Ltd	London (GB)	GBP	2	100.00	100,00	100.00	Edison E&P UK Ltd	S	-
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 Distribuzione Gas Spa (single shareholder) ex Edison D.G. Spa (single shareholder)	Selvazzano Dentro (PD) (IT)	EUR	460,000	100.00	100.00	100.00	Edison Spa	S	(i)
Infrastrutture Trasporto Gas Spa (single shareholder)	Milan (I)	EUR	10,000,000	100.00	100.00	100.00	Edison Spa	S	-
Corporate Activities and other sectors									
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)

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) 12.31.2015	Interest held in share capital % (b)	by	Type of investment relationship (e)	Notes
Abu Qir Petroleum Company	Alexandria (ET)	EGP	20,000		50.00	Edison International Spa (single shareholder)	JV	(iii)(iv)
Ed-Ina D.o.o.	Zagreb (HR)	HRK	20,000		50.00	Edison International Spa (single shareholder)	JV	(iii)
Elpedison Bv (*)	Amsterdam (NL)	EUR	1,000,000		50.00	Edison International Holding Nv	JV	(iii)
Fayoum Petroleum Co - Petrofayoum	Cairo (ET)	EGP	20,000		30.00	Edison International Spa (single shareholder)	JV	(iii)(iv)
Ibiritermo Sa	Ibirité - Estado de Minas Gerais (BR)	BRL	7,651,814		50.00	Edison Spa	JV	(iii)
IGI Poseidon Sa-Nat. Gas Subm. Interc. Gre-Ita-Poseidon (**)	Herakleio Attiki (GR)	EUR	33,150,000		50.00	Edison International Holding Nv	JV	(iii)
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA) (IT)	EUR	10,200		50.00	Edison Energie Speciali Spa (single shareholder)	JV	(iii)
Consorzio Barchetta	Jesi (AN) (IT)	EUR	2,100		47.62	Jesi Energia Spa	AC	-
Edf EN Service Italia Srl	Bologna (I)	EUR	10,000		30.00	Edison Spa	AC	-
EL.IT.E Spa	Milan (IT)	EUR	3,888,500		48.45	Edison Spa	AC	-
Eta 3 Spa	Arezzo (IT)	EUR	2,000,000		33.01	Edison Spa	AC	-
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Edison Spa	AC	-
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison Spa	AC	-
Soc. Svil. Rea. Gest. Gasdot. Alg-ITA V. Sardeg. Galsi Spa	Milan (IT)	EUR	37,419,179		23.53	Edison Spa	AC	-
Electric Power Operations - Groups held fors sale								
Sel Edison Spa	Castelbello (BZ) (IT)	EUR	84,798,000		42.00	Edison Spa	JV	(iii)
Hydros Srl - Hydros Gmbh	Bolzano (IT)	EUR	30,018,000	40,00	40.00	Edison Spa	AC	-

(*) The carrying value includes the valuation of Elpedison Sa (ex Elpedison Power Sa).

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2015	Interest held in share capital % (b)	by	Type of investment relationship (e)	Notes
Elpedison Sa (ex Elpedison Power Sa)	Marousi Athens (GR)	EUR	98,198,000		75.78	Elpedison Bv	JV	(iii)

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

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2015	Interest held in share capital % (b)	by	Type of investment relationship (e)	Notes
ICGB AD	Sofia (BG)	BGL	33.053.560		50.00	IGI Poseidon Sa - Nat. Gas Subm. Interc. Gre-Ita-Poseidon	JV	(iii)

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.

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

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

(iii) From January 1, 2014, company valuated with equity method according to IFRS 11.

(iv) 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 Agreement 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	EGP	Egyptian pound	HRK	Croatian kuna	RON	Romanian leu
BRL	Brazilian real	EUR	Euro	NOK	Norvegian krone	USD	U.S. dollar
CHF	Swiss franc	GBP	British pound	PTE	Portuguese escudo	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 March 31, 2016 is consistent with the data in documents, accounting records and other records.

Milan, May 10, 2016

"Dirigenti Preposti alla redazione
dei documenti contabili societari"
Didier Calvez
Roberto Buccelli