SEMIANNUAL REPORT
at June 30, 2015

EDISON

Contents

SEMIANNUAL REPORT AT JUNE 30, 2015

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

REPORT ON OPERATIONS
at June 30, 2015

INTRODUCTION TO EDISON

Board of Directors, Statutory Auditors and Independent Auditors

Board of Directors, Statutory Auditors and Independent Auditors

Chairman		Jean-Bernard Lévy (1)
Chief Executive Officer		Bruno Lescoeur (2) (3)
Directors		Béatrice Bigois (2) (4)
	Independent Director	Paolo Di Benedetto (2) (5)
		Philippe Esper (2)
	Independent Director	Gian Maria Gros-Pietro (2) (6)
		Denis Lépée (2)
		Thomas Piquemal (2) (7)
	Independent Director	Nathalie Tocci (2) (8)
		Nicole Verdier-Naves (2) (9)
Secretary to 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) Coopted and appointed Chairman by the Board of Directors on December 12, 2014 and confirmed by the Shareholders' Meeting on March 26, 2015.
(2) Elected by the Shareholders' Meeting of March 22, 2013 for a three-year period ending with the Shareholders' Meeting convened to approve the 2015 annual financial statements.
(3) Confirmed Chief Executive Officer by the Board of Directors on March 22, 2013.
(4) Chairman of the Control and Risk Committee.
(5) Chairman of the Compensation Committee and member of the Control and Risk Committee, the Committee of Independent Directors and the Oversight Board.
(6) 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.
(7) Member of the Control and Risk Committee.
(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.

Information About the Edison Shares

Shares at June 30, 2015	Number	Price
Common shares	5,181,545,824	(*)
Savings shares	110,154,847	0.7181

Shareholders with Significant Holdings at June 30, 2015	% of voting rights	% interest held
EDF Eléctricité de France Sa (1)	99.476%	97.405%

(1) Held indirectly.
(*) Delisted on September 10, 2012.

Edison Today

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

ELECTRIC POWER

Italian Market in 2015 (first half)			Facilities and Production Capacity in 2015 (first half)		
Total Italian gross demand	***153.2***	***TWh***	Edison's installed capacity	***7.3***	***'000 MW***
Net production of electric power in Italy:	***131.2***	***TWh***	Edison's net production of electric power	***9.0***	***TWh***
of which: - thermoelectric production	*83.2*	*TWh*			
- production from renewable sources	*48.0*	*TWh*	Share of total Italian production	***6.8***	***%***

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

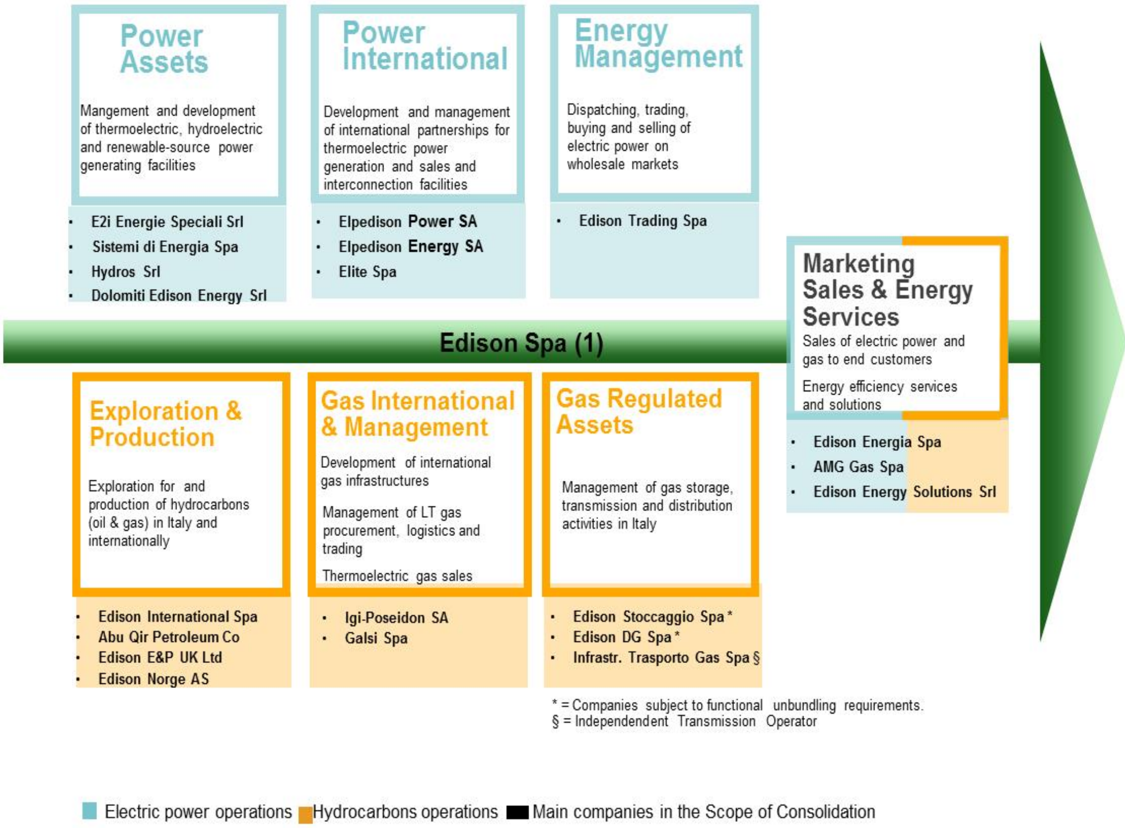
HYDROCARBONS

Italian Market in 2015 (first half)			Facilities and Production Capacity in 2015 (first half)		
Total Italian demand	***35.2***	***Bill. m^3***			
of which: - production	***3.2***	***Bill. m^3***	Hydrocarbon production – Edison (Italy)	***2.5***	***MBoe***
- imports	***29.5***	***Bill. m^3***	Number of concessions and permits in Italy	***60***	
Edison's sales and presence in Italy 2015 (first half):			Hydrocarbon production – Edison (international)	***6.0***	***MBoe***
Edison's sales	***8.0***	***Bill. m^3***	Number of concessions and permits outside Italy	**67**	
Number of storage-center concessions in Italy	***3***				
Gas transmission network (low- and medium-pressure pipelines)	***3.6***	***'000/ km***			
Gas transmission network (high-pressure pipelines)	***0.08***	***'000/ km***			

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

Simplified Structure of the Group at June 30, 2015

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



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

Financial Highlights

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.

Edison Group

2014 full year	(in millions of euros)	First half 2015	First half 2014 (*)	Change %
12,325	Sales revenues	5,619	6,111	*(8.1%)*
814	EBITDA	204	423	*(51.8%)*
6.6%	*as a % of sales revenues*	*3.6%*	*6.9%*	
292	EBIT	(155)	324	*n.m.*
2.4%	*as a % of sales revenues*	*n.m.*	*5.3%*	
55	Net profit (loss) from continuing operations	(192)	124	*n.m.*
-	Net profit (loss) from discontinued operations	-	-	-
40	Group interest in Profit (loss)	(207)	116	n.m.
320	Capital expenditures	188	112	*67.9%*
67	Investments in exploration	69	30	*n.m.*
8,903	Net invested capital (A + B)(1)	8,754	9,694	*(1.7%)*
1,766	Net financial debt (A)(1)(2)	1,679	2,264	*(4.9%)*
7,137	Total shareholders' equity (B)(1)	7,075	7,430	*(0.9%)*
6,627	Shareholders' equity attributable to Parent Company shareholders(1)	6,618	7,315	*(0.1%)*
3.25%	ROI (3)	n.m.	6.92%	
0.58%	ROE (4)	n.m.	3.21%	
0.25	Debt / Equity ratio (A/B)	0.24	0.30	
20%	Gearing (A/A+B)	19%	23%	
3,101	Number of employees (1)(5)	3,086	3,145	*(0.5%)*

(1) End-of-period data. The changes are computed against the data at December 31, 2014.
(2) A breakdown of this item is provided in the "Net Financial Debt" section of the Condensed Consolidated Semiannual Financial Statements.
(3) Annualized EBIT/Average net invested capital from continuing operations. Net invested capital from continuing operations does not include the value of equity investments held as non-current assets and is computed as the arithmetic average of the net invested capital at the end of the period and at the end of the previous year.
(4) Annualized Group interest in result/Average shareholders' equity attributable to Parent Company shareholders. Average shareholders' equity is the arithmetic average of the Group interest in shareholders' equity at the end of the period and at the end of the previous year.
(5) Companies consolidated line by line.

(*) The data for the first half of 2014 were restated to reflect the new presentation of derivatives and nonrecurring charges.

Key Events

Edison Grows in the UK with the Acquisition of the Scott & Telford Fields in the North Sea

On January 13, 2015, Edison executed a Put & Call option to acquire from Apache Beryl I (a subsidiary of Apache Corporation) its interests in the Scott and Telford oil fields (10.5% and 15.7%, respectively) located in the P185 15/22 concession in the North Sea (UK). This acquisition, which closed on April 30, 2015 for a total consideration of 41 million euros, will increase Edison's reserves by 8.7 million barrels of oil equivalent (85% oil and 15% gas).

Edison Inaugurates Its New Research and Development Center

On June 16, 2015, Edison inaugurated a new Hydrocarbon Laboratory at its Research, Innovation and Development Center in Trofarello (Turin), an Italian center of excellence for the development of innovative solutions in the areas of energy efficiency and environmental safety for the growth of the Group's businesses. The Hydrocarbon Laboratory is comprised of the Geochemistry, Geomechanics and Petrophysics sections, all equipped with cutting-edge tools for the development of special sponges capable of cleaning the sea and increasingly effective algorithms to study gas and oil bearing rock formations and for acquisition of 3D images.

With the Hydrocarbon Laboratory, Edison broadened and rounded out its spectrum of research activities in the various energy sectors: from oil and gas prospecting and exploration to self-production of electric power, from storage systems to the monitoring of electric power and gas consumption.

Edison Finalizes and Agreement with EGPC, Egypt's National Oil Company, to Revise the Price of Natural Gas

On July 24, 2015, Edison and the Egyptian General Petroleum Corporation (EGPC) officially finalized an agreement to revise the gas supply price based on a new indexing formula, the positive effects of which were already recognized in the data for the first half of 2015.

Significant Events Occurring After June 30, 2015

Information about events occurring after the end of the six-month period covered by this Report is provided in the section of the Condensed Consolidated Semiannual Financial Statements entitled "Significant Events Occurring After June 30, 2015."

EXTERNAL CONTEXT

Economic Framework

In the early months of 2015, the global recovery continued, albeit haltingly and unevenly: a slow but steady upturn in Europe was countered by the retrenchment of the U.S. economy, while recent growth in Japan was offset by difficulties in the emerging countries. International trade slowed, reflecting weakness in the main emerging areas: the increase in imports by the United States, driven by the growing strength of the dollar, was not enough to offset the slump in Russian and Ukrainian imports (which in the first quarter of the year were down by about 30% for the entire CIS and 37% for Russia alone), on the one hand, and the sharp drop in Chinese demand for foreign products, on the other hand.

More specifically, 2015 began with a decrease in GDP in the United States, held back by the relative strength of the U.S. dollar and the slow growth of wages, despite steady gains in employment.

The performance of the emerging markets was characterized by diverging dynamics, with a crisis situation for Russia and Brazil and an overall positive performance in Asia, with growth slowing in China but holding steady in India.

As for the Eurozone, GDP growth accelerated in the first quarter of the year, but is now being held back by uncertainties regarding the crisis in Greece and the volatility of financial markets. Economic conditions and the outlook deteriorated in Germany, which reported slower growth together with Holland and Spain, while the upward momentum picked up in France and Italy.

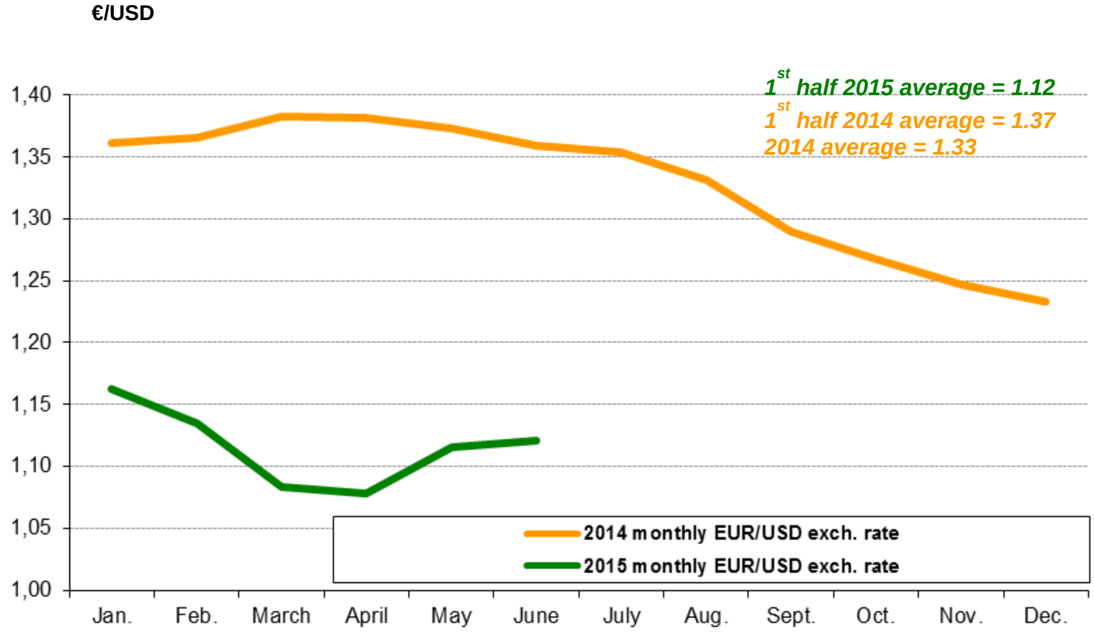
More specifically, the Italian economy is showing signs of an upturn, as demonstrated by several indicators: GDP has been growing again and the same has been true for consumer spending and gross fixed investments, as well as for industrial and construction value added. The improvement of Italy’s economic picture was undoubtedly fostered by several external factors that helped brighten the outlook for 2015, including the quantitative easing program of the European Central Bank, lower interest rate, a weak euro that stimulated exports and cheaper crude oil; but also by internal factors, namely the main reforms implemented by the government (the elimination of the labor component from the IRAP regional tax, the hiring incentives, the Jobs Act, the support for the new Sabatini Law and the Export Plan).

During the first half of 2015, the euro continued on the negative trend that started in mid-2014, with the exchange rate averaging 1.12 USD for one euro, or about 20% less than in the same period last year (1.37 USD for one euro). On an average basis, the euro was down both in the first and the second quarter, even though starting in April, when the exchange rate fell to the lowest level of the past 10 years, the trend reversed itself.

The euro’s loss in value is mainly due to the diverging and asynchronous monetary policies pursued by the ECB and the Fed. While the Eurozone has been pursuing a quantitative easing program since March 9, 2015, the Fed is still waiting for lasting evidence of an upturn in the economy before it raises interest rates, held at an historically low level since the crisis of 2008.

In Europe, coming on the heels of reduction in interest rates, the injection of liquidity into the system to the tune of 60 billion euros a month, aimed at fostering an economic recovery and consequently stabilizing inflation at a 2% target level, caused a further and sudden decrease in the value of the euro in March and April. Starting in May 2015, the impact of the abovementioned monetary policy program was offset in part by data about the U.S. economy that were less positive than anticipated and by growth expectations for the economy of the Old Continent.

Lastly, uncertainties about Greece's possible exit from the single currency system had no demonstrable impact on the exchange rate; a stronger effect could occur when an agreement is reached.



In the first half of 2015, oil prices interrupted the slide that began in mid-2014, after reaching, on January 13, 2015, the lowest point (46.6 USD/barrel) since the sharp slump of 2008. During the first six months of this year, crude oil prices averaged 59.4 USD/barrel, for a decrease of 45.4 percentage points compared with the same period in 2014. With data stated in euros, the effect of falling oil prices is less pronounced due to the loss in value of the single currency: the price of Brent crude in euros in the first half of 2015 averaged 53.3 EUR/barrel (-32.8% compared with the same period in 2014).

During the first six months of 2015, oil prices fluctuated with uneven variations that were not directly reflective of developments affecting fundamentals but were more indicative of expectations of a more balanced marked over the medium term. Overall, neither demand nor supply showed significant changes in recent market, with the market remaining in an oversupply situation.

On the supply side, at its June 5 meeting, OPEC reaffirmed its strategy of protecting its market share, designed to pressure U.S. shale oil producers and Iran.

While the effects of this policy are evident in the U.S. rig count, down for 28 consecutive weeks, the market share of the United States remains high, thanks to the availability of domestic reserves.

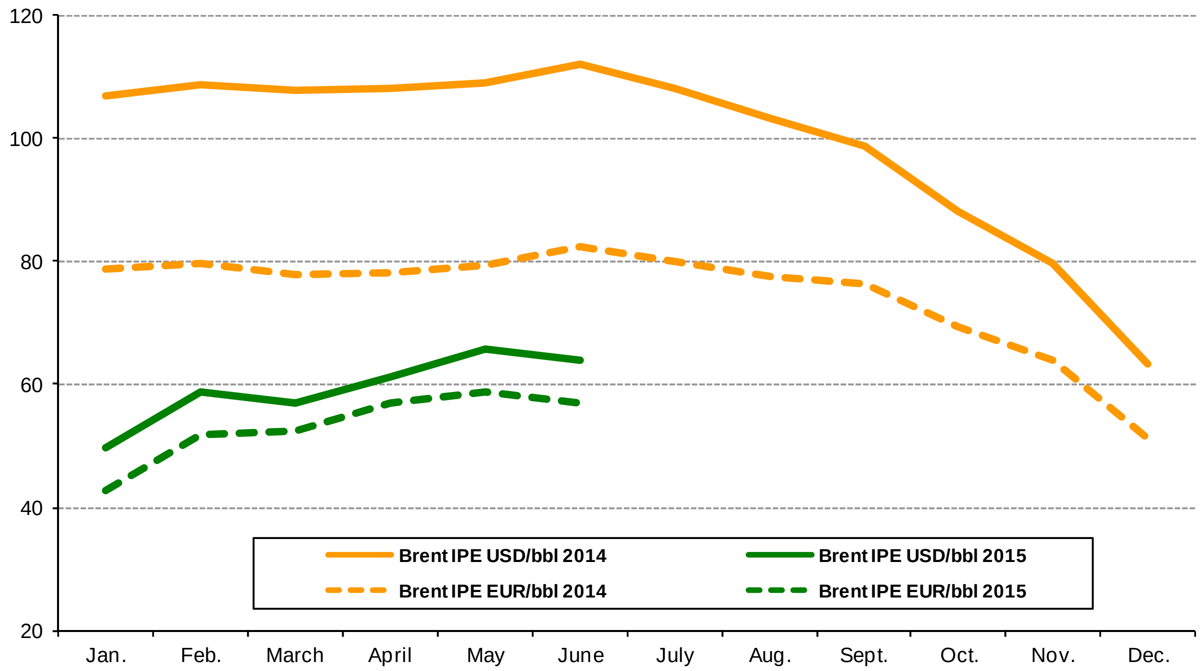
Moreover, Iran could fully return to the market, if the commercial sanctions are lifted when a nuclear agreement is reached with the countries of the P5+1 group.

In addition, while supply keeps holding relatively steady, demand is still struggling to show clear signs of an upturn, despite the boost provided by low crude oil prices.

The table and chart that follow show the average data for the first half of the year and the monthly trends for 2015 and 2014:

2014 full year		First half 2015	First half 2014	% change
99.5	Oil price in USD/bbl[1]	59.4	108.8	*(45.4%)*
1.33	USD/EUR exchange rate	1.12	1.37	*(18.6%)*
74.9	Oil price in EUR/bbl	53.3	79.4	*(32.8%)*

(1) Brent IPE



The trend in oil prices also had an impact on distilled products and energy commodities in general. The price of gasoil fell from USD 910.6 per metric ton to USD 555.0 per metric ton, while that of fuel oil contracted by about 51% and 48%, respectively, for low sulfur and high sulfur products.

On the Atlantic market, coal prices were also down, falling by about 21%, due in part to weak demand from Asia, China primarily, which contributed to the supply overhang. At the same time, the use of coal for electric power generation decreased in some countries, due in part to increased production from alternative sources—the record hydroelectric production by Turkey is a good example—and lower gas prices.

The main European gas hubs were also characterized by a downward trend in the first half of 2015, with prices falling by 2.4% on average (price down about 2.3% on the TTF). Prices contracted sharply in the first quarter of the year due to the effect of excess supply, exacerbated by an increase in LNG volumes rerouted to Europe as consequence of stagnating demand in Asia. During the second quarter of 2015, while price movements were more consistent with the historical trend, prices were higher on average by about 0.02 EUR/scm, for an average gain of 10%. In Northern Europe, this trend reflected in part the effects of production cuts at the Groningen field in the Netherlands (about 30% less than in 2014).

In the market for CO_2 emissions rights, following the fluctuating trend that characterized the first quarter of 2015, the first half of the year ended with a price of 7.2 EUR/ton, for a gain of 28.4% compared with 2014. This improvement reflects expectations of a reform of ETS, which, further to the favorable vote by the European Parliament, should become law in September. In addition, a market stability reserve will be introduced, starting in 2019, as a mechanism through which 1,6 billion emissions rights will be set aside in order to reduce the market supply overhang.

The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

2014 full year	TWh	First half 2015	First half 2014	% change
267.6	Net production:	131.2	132.8	*(1.2%)*
165.7	*- Thermoelectric*	*83.2*	*79.9*	*4.1%*
58.1	*- Hydroelectric*	*23.3*	*30.3*	*(23.0%)*
23.3	*- Photovoltaic*	*13.0*	*11.8*	*10.1%*
15.0	*- Wind power*	*8.9*	*8.1*	*9.6%*
5.5	*- Geothermal*	*2.9*	*2.7*	*5.6%*
43.7	Net imports	22.9	22.3	*3.1%*
(2.3)	Pumping consumption	(0.9)	(1.4)	*30.5%*
309.0	**Total demand**	**153.2**	**153.7**	***(0.3%)***

Source: Analysis of 2014 and 2015 pre-closing Terna data, before line losses.

In the first half of 2015, total gross demand for electric power from the Italian grid decreased to 153.2 TWh (TWh = 1 billion kWh), or 0.5 TWh less (-0.3%) than in the same period last year. On a seasonally adjusted basis (i.e., eliminating the impact of changes in the number of business days), the demand level was unchanged.

National production for the first six months of the year, net of pumping consumption, was equal to 85% of demand, down slightly (-0.5%) compared with the first half of 2014, with net imports, which grew by 0.7 TWh, covering the remaining 15%.

National production reflects the impact of a sharp reduction in hydroelectric output, which decreased by 7 TWh (-23%) compared with the first half of 2014 when water resources were extremely abundant, offset in part by outstanding performances in the photovoltaic (+10.1%) and wind power (+9.6%) segments.

A noteworthy development in the area of infrastructures was the commissioning of the Malta-Sicily interconnecting power line (200 MW) in April.

Insofar as the pricing scenario is concerned, the time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian) increased to 49.90 euros per MWh at June 30, 2015, up 0.9% compared with the first six months of 2014 (49.50 euros per MWh).

Aside from the month of January, when the PUN posted a decrease of about 8 euros per MWh compared with 2014, the price of electric power followed the same trend as in the previous year.

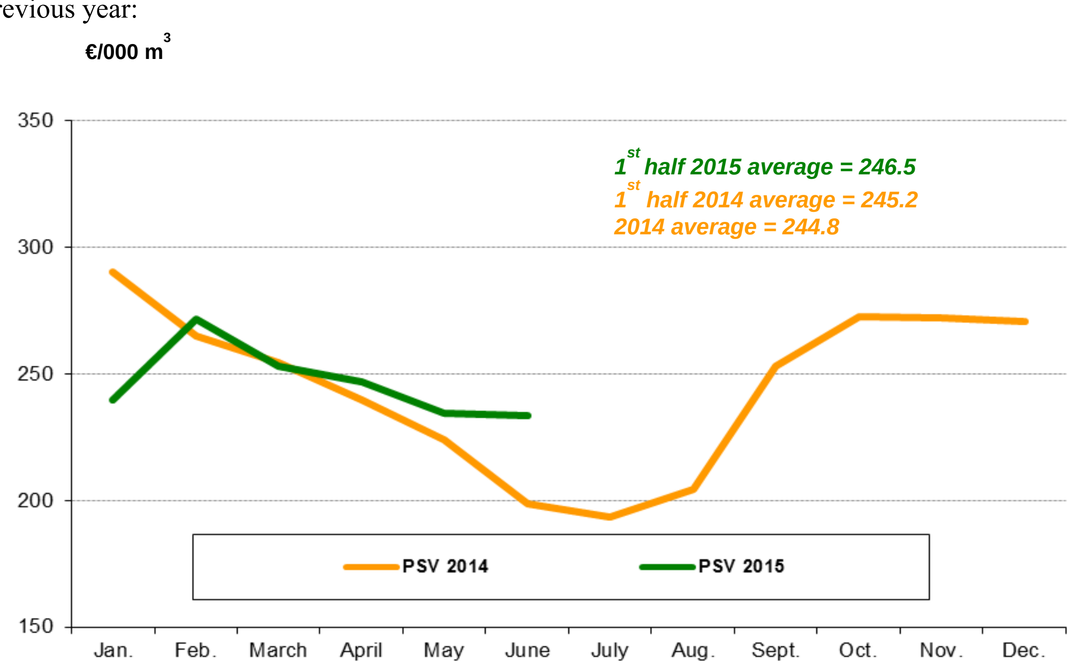
Even though production from renewable sources grew, the reduction in hydroelectric output resulted in a greater reliance on thermoelectric generation, the cost of which showed an increase comparable to that of the PUN.

Looking at a breakdown by zones of the PUN, the developments that characterized the first half of 2015 were the market coupling mechanism at the borders with France and Austria, which got under way this past February, and the rules applicable to the "essential" power plants imposed at the beginning of the year in Sicily. These rules, which are still in effect while a ruling by the Supreme Court is pending regarding the seizure of the Sorgente-Rizziconi power line, caused the prices in Sicily to fall by about 75%, with a corresponding alignment of zone prices, even though the impact on the PUN was modest, due to the limited weight of Sicily on total demand.

Market coupling, on the other hand, while it optimized the relationship between the price differential and the flow of energy in virtually all night hours, helped drive prices higher in the North zone during March and April, due to high prices in France.

During the first half of 2015, the F1, F2 hourly time periods recorded decreases of 1.8% and 4.3%, respectively, while the F3 hourly time period posted an increase of 7.6%. Substantial renewable-source production helped lower prices during the central hours of the day.

The chart below shows the monthly trend for the first half of the year and provides a comparison with the previous year:



As for trends in foreign countries, prices in Germany continued on the downward trend that started in the first quarter, posting a cumulative decline of 6.3% for the first six months of 2015. This reduction is the combined result of lower cost for thermoelectric generation (gas and coal) and record production from renewable-source facilities. In France, on the other hand, the price rose to 38.9 EUR/MWh for a gain of 12.3% compared with the first half of 2014; higher demand and extraordinary maintenance of nuclear power plants that affected both internal generation and some neighboring countries contributed to this increase.

The Italy-France spread narrowed to 11.0 EUR/MWh, or 26% less than in the first half of 2014, while the spread with Germany widened to 19.6 EUR/MWh (+14.5%).

Demand for Natural Gas in Italy and Market Environment

2014 full year	in billions of m^3	First half 2015	First half 2014	% change
25.5	Services and residential customers	17.0	15.1	*12.6%*
16.5	Industrial users	8.4	8.5	*(1.2%)*
17.8	Thermoelectric power plants	9.1	8.4	*9.0%*
1.6	System usage and leaks	0.8	0.7	*6.2%*
61.4	**Total demand**	**35.2**	**32.7**	***7.9%***

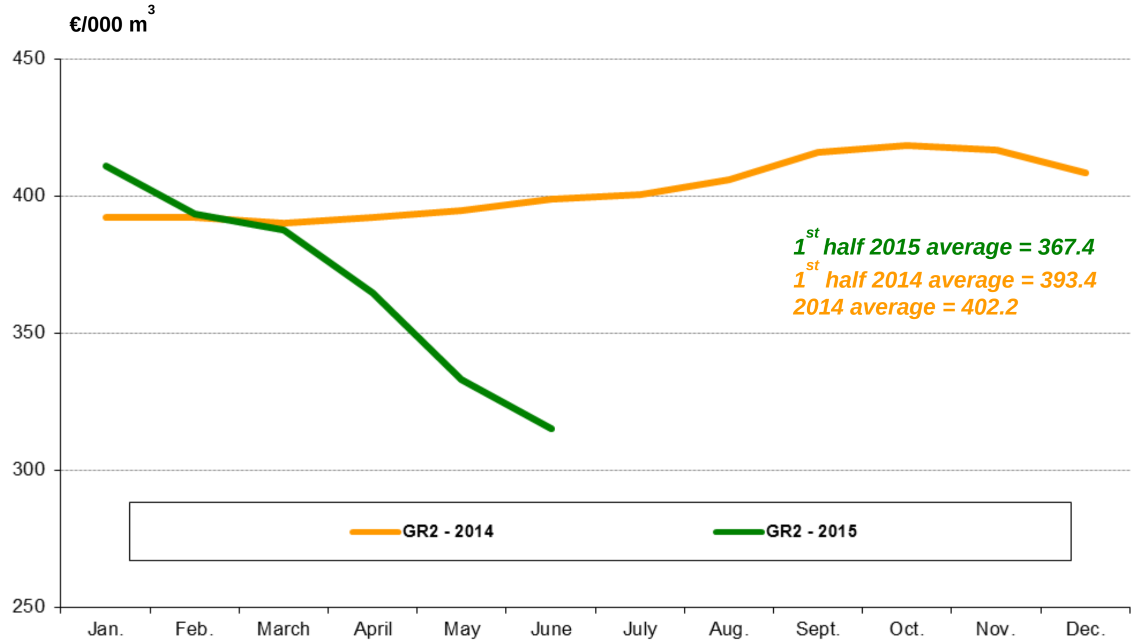
Source: 2014 and 2015 preliminary data from Snam Rete Gas and the Ministry of Economic Development and Edison estimates.

In the first half of 2015, Italian demand for natural gas increased by 7.9% compared with the same period last year to a total of about 35.2 billion cubic meters, for an overall gain of about 2.5 billion cubic meters.
This improvement is chiefly the result of an upturn in demand from residential customers (+1.9 billion cubic meters; +12.6%), which was particularly low in the first half of 2014 due to unusually mild weather during the winter months. Gas consumption by thermoelectric power plants was also up (+0.8 billion cubic meters; +9% compared with the first half of 2014) due mainly a reduction in hydroelectric output compared to the record levels achieved in 2014.
Demand from industrial users (-0.1 billion cubic meters; -1.2% compared with the first half of 2014) was down slightly, with consumption still below pre-crisis levels.

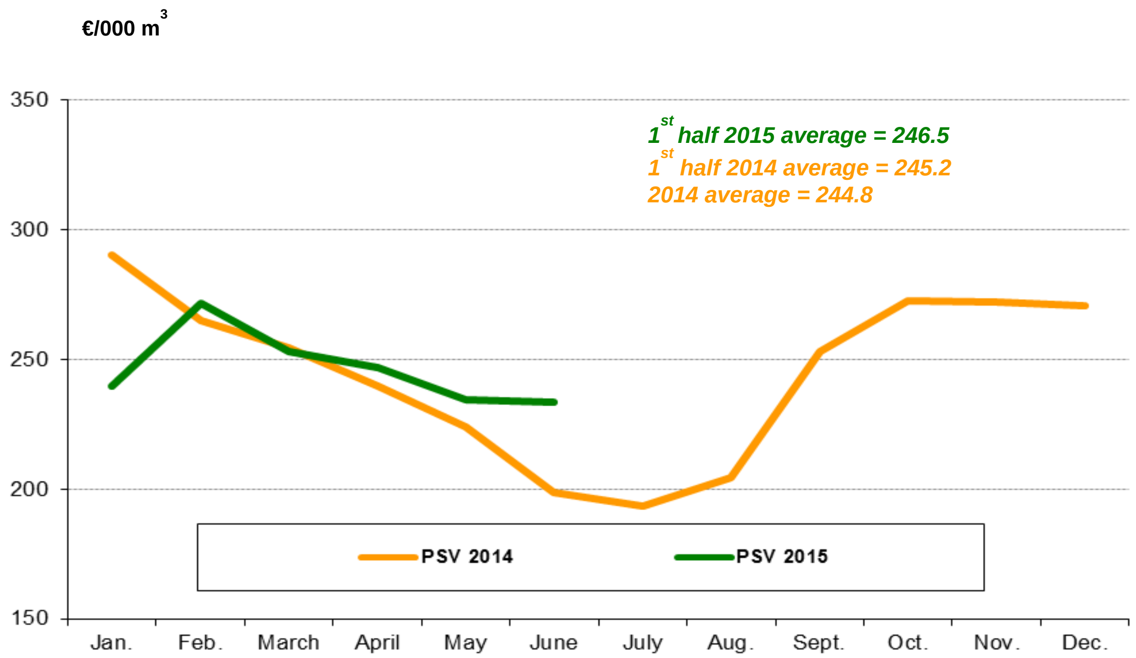
As for supply sources, the following developments characterized the first half of 2015:

- lower domestic production (-0.2 billion cubic meters; -5% compared with the first half of 2014);
- higher gas imports compared with the first six months of 2014 (+0.2 billion cubic meters; +1%);
- net withdrawals from the stored gas inventory (2.5 billion cubic meters withdrawn in the first half of 2015, as against 0.1 billion cubic meters added in the first half of 2014), as outflows increased during the winter months compared with the same period last year.

During the first half of 2015, the price for indexed gas (shown in the chart that follows, which uses the Gas Release 2 formula as a benchmark) decreased to 367.4 EUR/000 cubic meters, or 6.6% less than in the same period in 2014. The trend followed by the Gas Release 2 formula, which dropped sharply in the second quarter (-14.6%) despite the upward effect produced by the loss in value of the euro, reflects almost in its entirety -with a time lag -the reduction in the prices of crude oil and petroleum products.



The monthly trend for gas prices on the spot market depicted in the chart that follows, which uses the price on the Virtual Exchange Facility (VEF) as a benchmark, shows that gas prices held relatively steady, averaging 246.5 EUR/000 cubic meters, up half a percentage point compared with the same period in 2014. This increase, which runs counter to the trend at the other European gas hubs (average prices down 2.4%), is attributable both to a more direct impact of the confrontation between Russia and Ukraine on the gas entering through Tarvisio and the fact that the VEF price includes a cost component for storage charges (CVos).
The monthly price trend mirrors the situation in 2014, except for January, when prices were down 17%. During the second quarter, prices increased by 8% compared with the same period in 2014, due in part to different dynamics for demand and supply.



The table below shows average semiannual prices for the Gas Release 2 and at the Virtual Exchange Facility:

2014 full year		First half 2015	First half 2014	% change
402.2	Gas Release 2 - euros/000 m^3 (1)	367.4	393.4	*(6.6%)*
244.8	Virtual Exchange Facility – euros/000 m^3	246.5	245.2	*0.5%*

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

The CMEM rate component, which is indicative of the prices charged in the residential market, is fully indexes to prices on the TTF as of the 2013-2014 thermal year, albeit based on quarterly futures, as per Resolution No. 196/2013/R/GAS, and, consequently, is reflective in part of the trend in European spot gas prices commented above.

The average value of the CMEM component in the first half of 2015 was 270 euros per thousand cubic meters.

Legislative and Regulatory Framework

The main legislative and regulatory measures enacted in the first half of 2015 that had an impact on the various businesses of the Group are reviewed below.

Electric Power

Environment

Law No. 68 of May 22, 2015 "Provisions concerning **crimes against the environment"** (published on May 28, 2015 in Issue No. 122 of the *Official Gazette of the Italian Republic*) added to the Italian Criminal Code a new Title VI-*bis* on "Crimes against the environment," which covers the following crimes: environmental pollution, death or injuries caused by the crime of environmental pollution, environmental disaster, trafficking in and dumping highly radioactive materials, preventing controls and failure of remediation.

Incorporation of the "Seveso III" Directive into the Italian legal system: On June 23, 2015, the Italian government officially approved a draft of a Legislative Decree that incorporates into the Italian legal system Directive 2012/18/EU on controlling the dangers of accidents related to certain dangerous substances. Publication in the *Official Gazette of the Italian Republic* is now the last step left in the legislative process.

Wholesale Market

Market Coupling Approval: On February 12, 2015, the Electric Power, Gas and Water System Authority (the Authority) published Resolution No. 45/2015/R/eel, which de facto began the implementation of market coupling of Italy's borders with Austria, France and Slovenia, starting on February 24.

The market coupling mechanism makes it possible to determine the value of electric power in the affected European market zones and, at the same time, allocate the available transmission capacity between the zones, optimizing its use. Consequently, the allocation of rights to use the transmission capacity takes place concurrently with the determination of the price for each zone, instead of using a separate process, as was the case before.

By the same Resolution, the Authority also began a process, scheduled for completion by December 31, 2015, that will result in the publication of multiple resolutions aimed at completing the revision of the regulatory framework for implementation of the market coupling mechanism. More specifically, this revision will include the actions necessary to revise price ceilings and introduce complex products.

In addition, on February 17, 2015, the Authority issued Resolution No. 52/2015/R/eel approving the Electric Market Operator-Terna and Equalization Fund for the Electric Power Sector (CCSE) contract guidelines for managing economic and financial issues in connection with the implementation of market coupling at Italy's borders with Austria, France and Slovenia.

Remuneration of production capacity: By Resolution No. 95/2015/I/eel the Authority officially recommended that the Ministry of Economic Development (the Ministry) anticipate to 2017 the effects of the capacity market: initial auctions should take place in the fall of 2015. As for the provisional capacity payment system, the Ministry is continuing to pursue activities aimed at introducing flexibility mechanisms.

Facilities that are essential for the reliability of the electrical system: In 2015, due to the effect of Decree Law No. 91/14, all Sicilian power plants with a capacity of more than 50 MW qualified as essential until the new power line with Calabria is commissioned (currently projected by Terna for December 31, 2015, due to the seizure of a power line pylon in the Messina area) and are thus be entitled to be specifically reimbursed for their fixed and variable costs of an operational nature, in addition to an adequate return on invested capital: the reference resolutions are Resolution No. 521/2014/R/eel and Resolution No. 667/2014/R/eel.

For Edison, the facility affected is the Milazzo Power Plant and, at the beginning of 2015, the Company filed motions challenging both resolutions as injurious to its interests.

Retail Market

Delinquent customers: Resolution No. 258/2015/R/com setting forth initial provisions concerning delinquent customers in the retail markets for electric power and natural gas was published on May 29, 2015. The following measures were introduced:

- greater responsibility on the part of distributors (for example, through the use of automatic indemnification and suspension of payment for distribution services in the event of a failure to suspend and/or interrupt service for delinquent customers within the required deadline);
- adoption of the Indemnity System also for customers in the gas market;
- requirement that distributors make available additional information about consumers that, when electric power and gas customer switch supplier, enable a newly entering seller to better assess the related credit risk.

Network Code for the electric power transmission services: By Resolution No. 268/2015/R/eel of June 4, 2015, the Authority implemented the initial chapters of the Network Code for the electric power transmission services. This resolution:

- sets forth provisions concerning the contractual guarantees allowed for the purpose of executing contracts for transmission services on the distribution network and the corresponding management criteria, introducing the requirement of an annual payment to the Electric Power Sector Equalization Fund of an amount ranging between 0.20% and 1% for companies that adopt the Parent Company or the rating form of guarantee;
- defines the billing timing and due dates for each type of distribution invoice, lengthening payment terms compared with those currently used.

Protection 2.0: By Resolution No. 271/2015/R/com, published on June 4, 2015, the Authority began a process aimed at defining a pathway for reforming the market mechanisms that protect pricing for residential customers and small businesses in the electric power and natural gas sectors.

Hydrocarbons

Rates and Market

Reform of rate components covering general costs in the gas system (Resolution No. 60/2015/R/gas): The Authority, further to the recommendations put forth in connection with Consultation Document No. 553/2014/R/gas, issued Resolution No. 60/2015/R/gas by which it streamlined the rate components covering general costs in the gas system, until now applied to gas volumes injected into the network (or to increase the CV variable unit component of the transmission rate). More specifically, the Authority decided to:

- replace, starting on October 1, 2015, the CVi, CVos and CVbl rate components applied at the network's entry points with the new rate components CRVi, CRVos and CRVbl, respectively, which will be applied to gas withdrawn at the redelivery points on the transmission network, making no special distinction between points directly linked with the transmission network and point interconnected with the distribution networks;
- upon initial implementation, exempt from the adoption of the new system the CVfg fees (which cover the guarantee factor for the regasification service) and the φ rate component (which covers revenue equalization imbalances regarding the CRr transmission capacity fee on the regional network), as they are directly related to rate dynamics and, consequently, will continue to be applied to gas injected into the network.

Implementation of EU Regulation No. 312/2014 concerning gas balancing issues: EU Regulation No. 312/2014 established a Network Code on Gas Balancing in Transmission Networks (Balancing Network Code), which will go into effect on October 1, 2015, specifically applicable to all points on transmission networks that interconnect member countries.

The Balancing Network Code introduces a market balancing system based on the principle that network users are responsible for balancing their commercial and physical position at the end of the day, with penalties in the event of actual imbalances. However, users must be enabled to meet their obligations by having access to flexible resources (e.g., re-nominations extended over time) and accurate and timely information about network insertions and withdrawals. On the other hand, only a residual role is being assigned to the transmission service operator (TSO), who is being asked to intervene by buying/selling gas on the market only when there is an effective risk for the system's ability to operate correctly.

Snam Rete Gas has already informed both the Authority and the European Commission that it plans to implement the new balancing system effective as of October 1, 2015, without need to adopt provisional rules.

Even though Snam Rete Gas and the Authority began, as early as last summer, to explain the implementation modalities deemed most efficient to implement the Regulation's provisions, a few month before the implementation of the new system, detailed information is still not available for several issues, including:

- confirmation of October 1, 2015 as the startup date for the new system (or possibly a postponement);
- a definition of imbalancing prices;
- introduction of an incentivizing system (bonuses-penalties) for the TSO;
- involvement of additional infrastructures interconnected with the network, such as storage facilities and regasification terminals, which constitute flexibility resources for balancing purposes.

Clarifications regarding these issues are expected over the near term form the Authority and the regulated parties, so as develop a complete and consistent design of the expected model.

Calls for tenders for area gas distribution: In a significant development concerning the calls for tenders for the award of the gas distribution service, the Interministry Decree of May 20, 2015, which amends Regulation No. 226/2011 governing gas calls for tenders, was signed recently and its publication is pending,

The initial deadline for publication of the call for tenders for the first and second grouping was set for July 11, 2015 (the deadline by which the Regional authorities must exercise their substitution powers is December 31, 2015, when the deadline for the imposition of penalties on non-compliant awarding stations is taken into account). The layering of multiple successive regulations in this area generated a compacting of the publication deadlines for the calls for tenders for the first and second lot of the distribution areas subject to competitive bidding, while for the third lot the deadlines for the imposition of penalties on the awarding stations have not been extended.

Distribution rates: By Resolution No. 90/2015/R/gas, the Authority determined the final reference rates for the gas distribution and metering services for 2014. Resolution No. 280/2015/R/gas *"Provisions concerning rate components covering centralized costs for online reading/management systems and concentrators' costs,"* extends to 2016 the rules in effect for 2014 and 2015 for determining the rate components $TEL_{t,c}$ and $CON_{t,c}$, as set forth in Article 19, Section 1, of the RTDG rate regulations, to cover centralized costs for online reading/management systems and concentrators' costs.

Reform of the regulations governing metering at the redelivery points on the distribution network: Resolution No. 117/2015/R/gas significantly reformed the regulations governing metering at the redelivery points on the distribution network. The changes introduced regard: the adoption of so-called reading reference periods (which must cover at least 80% of consumption for the period), the meter reading intervals, the availability of metering data, including switching readings, and potential adjustments by distribution companies. A noteworthy development is the introduction of an additional intermediate consumption threshold of 1,500 standard cubic meters/year (in addition to those already in effect: 500 and 5,000 standard cubic meters/year), which entails an additional meter reading obligation for the distributor, performed every four months, midway between the monthly reading (consumption > 5,000 standard cubic meters/year) and the semiannual reading for lower consumption (< 500 standard cubic meters/year).

Infrastructures

Modulation storage – allocation modalities: The Ministry Decree of February 6, 2015 redefined the modulation storage volumes and allocation modalities for the 2015/2016 thermal year. The share of the stored gas earmarked for the modulation service has been set at 6.8 billion cubic meters (including 6.2 billion cubic meters for Stogit and 0.6 billion cubic meters for Edison Stoccaggio) and is allocated by means of consecutive auctions, structured in accordance with a predefine calendar and on a monthly basis over the entire length of the injection period. Please note that, for the first time, operators are also being offered a multi-year product, with a uniform delivery profile of 500 million standard cubic meters and a minimum duration of two years, extendible for an additional two years. However, in the February auction no gas was allocated and, consequently, the 500 million standard cubic meters offered will be made available within the framework of the other products with uniform delivery profile, as allowed under the Ministry Decree.
By a subsequent resolution (No. 49/2015/R/gas), the Authority established rules for the methods used to organize auction procedures for the allocation of storage capacity for the 2014/2015 thermal year. Edison Stoccaggio allocated all of the available 0.6 billion cubic meters of peak capacity as part of the first auction held in March 2015.

Storage – Rates:
By **Resolution No. 51/2015/R/gas** "Approval of the business revenues from storage service for 2015" the Authority approved on a provisional basis the revenues of Edison Stoccaggio for 2015, pending the conclusion of the proceedings launched for the final approval of the rates for the preceding years (2012, 2013 and 2014), which is expected to take place by the deadline for the final approval of the 2015 rates (July 2015).

Resolution No. 75/2015/R/gas marked for Edison Stoccaggio the completion of the approval process of the revenue components of the 2012-2013 rates for incremental operating costs, which had been frozen while a legal dispute was pending after the refusal, in rate Resolutions No. 106/2011 and No. 313/2012, to allow compensation for the incremental operating costs arising from the investments made by the Company in 2009 and 2010. Resolution No. 75/2015, by which compensation for the same costs as also denied, is also being challenged before the Regional Administrative Court.

Resolution No. 171/2015/R/gas "Provisions concerning the settlement of economic issues regarding the storage service for the 2015/2016 thermal year," introduced, for the current thermal year, mechanisms that enable storage operators to recover revenues shortfalls resulting from capacity allocation auctions, providing a revenue flow substantively equivalent to that which they would have obtained had they applied to the capacities allocated through auctions the same rates as those charged for rate-based services (when the award price is lower than these rates).

The resources earmarked for distribution to storage operators are drawn from the "Storage Costs" account established as part of the Equalization Fund and funded with the CRVos variable transmission rate component paid by users at redelivery points on the transmission network.

Resolution 182/2015/R/gas introduced mechanisms to incentivize the development of additional storage capacity for the new regulatory period (2015-2018), which will be applicable to projects in connection with which an application has been filed with the Authority by September 30, 2015. Pursuant to this Resolution, certain minimum performance requirements must be met to be eligible for the incentivizing mechanism, which the Authority may verify also after a project has been completed. The incentive award period will be 12 years for facilities built and operated by existing storage operators and 15 years for facilities built and operated by new operators and will be applied based on the maximum supply peak that the storage operator undertakes to make available continuously for 15 days,

European Regulations

Projects of Common Interest (PCIs) and Connecting Europe Facility (CEF) Program for Energy Infrastructures

The Connecting Europe Facility (CEF) E.U. Program finances the development of trans-European networks in the transportation, energy and telecommunication sectors.

As part of the Multi-year Financial Framework for the 2014-2020 period, the European Commission earmarked 5.85 billion euros for energy infrastructures; the funds will be allocated based on a selection process designed to identify "Projects of Common Interest" that could benefit from streamlined authorization procedures and financial support by the European Union. The CEF Program allocated 647 million euros for 2014 and 650 million euros for 2015. In March 2015, the European Commission launched the first CEF funds call for tenders of 2015 for the energy sector, making available 100 million euros. By the closing date of the call for tenders on April 29, 2015, 26 project proposals had been submitted, requesting a total of 284 million euros.

The project review process identified 20 projects eligible for financing through the CEF. Edison's East Med Project (gas pipeline that will link Cyprus to Greece) qualified in sixteenth place and was declared eligible for 2 million euros in financing for feasibility study.

The second call for tenders for this year (CEF-Energy-2015-2) was launched on June 30, for 550 million euros, and will close on September 30.

In addition to the East-Med project, Edison is a participant in the CEF program with other infrastructural projects: IGI Poseidon (gas pipeline that will link Italy with Greece), IGB (gas pipeline that will link Greece with Bulgaria) and Galsi (gas pipeline that will link Italy with Algeria), which have already been included in the first list with PCIs status.

ECONOMIC AND FINANCIAL RESULTS AT JUNE 30, 2015

Sales Revenues and EBITDA of the Group and by Business Segment

2014 full year	(in millions of euros)	First half 2015	First half 2014 (*)	Change	% change
	Electric Power Operations (1)				
7,859	Sales revenues	3,284	3,869	*(585)*	*(15.1%)*
652	Reported EBITDA	203	356	*(153)*	*(43.0%)*
690	Adjusted EBITDA (2)	208	364	*(156)*	*(42.9%)*
	Hydrocarbons Operations (1)				
5,168	Sales revenues	2,717	2,585	*132*	*5.1%*
293	Reported EBITDA	47	126	*(79)*	*(62.7%)*
255	Adjusted EBITDA (2)	42	118	*(76)*	*(64.4%)*
	Corporate Activities and Other Segments (3)				
48	Sales revenues	24	23	*1*	*4.3%*
(131)	EBITDA	(46)	(59)	*13*	*22.0%*
	Eliminations				
(750)	Sales revenues	(406)	(366)	*40*	*10.9%*
	EBITDA				
	Edison Group				
12,325	**Sales revenues**	**5,619**	**6,111**	***(492)***	***(8.1%)***
814	**EBITDA**	**204**	**423**	***(219)***	***(51.8%)***
6.6%	***as a % of sales revenues***	***3.6%***	***6.9%***		

(1) See the Simplified Structure of the Group on page 6.
(2) Adjusted EBITDA reflect the effect of the reclassification from the Hydrocarbons Operations to the Electric Power Operations of the portion attributable to the Electric Power Operations of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas. This reclassification is being made to allow a better operational presentation of the Group's industrial results. Adjusted EBITDA are not verified by the Independent Auditors
(3) Includes those operations of Edison Spa, the Group's Parent Company, that engage in activities that are not industrial in nature and certain holding companies and real estate companies.

(*) The data for the first half of 2014 were restated to reflect the new presentation of derivatives and nonrecurring charges.

In the first half of 2015, the Group's sales revenues totaled 5,619 million euros, down 8.1% compared with the same period last year.

EBITDA for the period amounted to 204 million euros, for a decrease of 219 million euros compared with 423 million euros in the first six months of 2014.

See the sections of the report that follow for a detailed analysis of the performance of the individual business segments.

Electric Power Operations

Sources

2014 full year	GWh (*)	First half 2015	First half 2014	% change
17,616	**Edison's production**	**8,969**	**8,472**	***5.9%***
11,756	*- Thermoelectric power plants*	*6,713*	*5,625*	*19.4%*
4,954	*- Hydroelectric power plants*	*1,640*	*2,367*	*(30.7%)*
906	*- Wind power and other renewables*	*616*	*480*	*28.3%*
78,564	**Other purchases (wholesalers, IPEX, etc.)(1)**	**35,089**	**36,567**	***(4.0%)***
96,180	**Total sources in Italy**	**44,058**	**45,039**	***(2.2%)***

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

Uses

2014 full year	GWh (*)	First half 2015	First half 2014	% change
20,409	**End customers (1)**	**9,073**	**10,352**	***(12.4%)***
75,771	**Other sales (wholesalers, IPEX, etc.)(2)**	**34,985**	**34,687**	***0.9%***
96,180	**Total uses in Italy**	**44,058**	**45,039**	***(2.2%)***

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

The Group cooperates 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 net production in Italy totaled 8,969 GWh, for an increase of 5.9% compared with the first half of 2014; more specifically, thermoelectric output posted a gain of 19.4% that mirrored in part the prevailing national trend. As for production from renewable sources, the performance in the first half of 2015 was characterized, on the one hand, by a significant reduction in hydroelectric production (-30.7%), in line with the national trend and reflective of the volume of water resources available during the period, which, while higher than historical averages, was significantly less abundant than the exceptional volume of 2014, and, on the other hand, by an increase in production from wind power and other renewable source facilities (+28.3%), thanks to the contribution of the Andretta Bisaccia and Rignano Garganico wind farm, acquired in October 2014, and the Baselice facility, which went on stream in January.
Sales to end customers decreased by 12.4% due to lower volumes sold to the Business and Public Administration segments and a reduction in the number of residential customers that reflects a more selective new customer acquisition policy in terms of payment reliability.
In the first half of 2015, other purchases and sales were basically in line with the amounts reported in the first six months of 2014; however, it is worth mentioning that this category includes, in addition to transactions on the wholesale market, purchases and sales on the IPEX, which are characterized by lower unit margins as they

are related to production from facilities operating in bidding mode, the balancing of portfolios and make-or-buy activity.

Economic Data

2014 full year	in millions of euros	First half 2015	First half 2014 (*)	% change
7,859	Sales revenues	3,284	3,869	*(15.1%)*
690	Adjusted EBITDA (1)	208	364	*(42.9%)*

(1) See note on page 22.
(*) The data for the first half of 2014 were restated to reflect the new presentation of derivatives and nonrecurring charges.

In the first half of 2015, sales revenues totaled 3,284 million euros, or 15.1% less than in the same period in 2014, due to a decrease in average sales prices driven by the trend in the benchmark scenario and a reduction in sales volumes.

Adjusted EBITDA for the period totaled 208 million euros (364 million euros in the first six months of 2014), for a decrease of 156 million euros that reflects a further reduction in the margins earned on thermoelectric generation and an unfavorable comparison with the exceptional abundance of water resources available in the first half of 2014.

Hydrocarbons

Sources of Natural Gas

2014 full year	in millions of m^3 of natural gas	First half 2015	First half 2014	% change
417	Production (1)	253	167	*51.4%*
9,915	Imports (Pipeline + LNG)	6,196	4,927	*25.8%*
2,739	Other purchases	1,255	1,270	*(1.2%)*
172	Change in stored gas inventory (2)	339	82	*n.m.*
13,243	**Total sources in Italy**	**8,043**	**6,446**	***24.8%***
1,734	**Production outside Italy (3)**	**780**	**892**	***(12.6%)***

(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

2014 full year	in millions of m^3 of natural gas	First half 2015	First half 2014	% change
2,314	Residential use	1,589	1,351	*17.6%*
3,413	Industrial use	1,656	1,677	*(1.3%)*
4,407	Thermoelectric fuel use	2,423	2,064	*17.4%*
3,109	Other sales	2,375	1,354	*75.4%*
13,243	**Total uses**	**8,043**	**6,446**	***24.8%***
1,734	**Sales of production outside Italy(1)**	**780**	**892**	***(12.6%)***

(1) Counting volumes withheld as production tax.

Production of natural gas, counting the combined output of the Italian and international operations, totaled 1,033 million cubic meters in the first half of 2015, down 2.5% compared with the same period last year. Production marketed in Italy was up 51.4%, thanks to activities carried out in 2014 to develop some wells and the contribution of the Izabela field in Croatia and the Fauzia field, which came on stream in July 2014 and November 2014, respectively. Outside Italy, production decreased by 12.6%, reflecting the normal depletion of the Egyptian concessions.

There were substantial increases both in gas imports (up 1,269 million cubic meters) and in the volumes drawn from the stored gas inventory (up 257 million cubic meters) in response to the need to meet rising sales during the period.

Gas volumes sold totaled 8,043 million cubic meters, for an increase of 24.8% compared with the first half of 2014.

Specifically, sales to residential users were up by 17.6%, due to winter weather that was colder on average than in 2014, while deliveries to thermoelectric users grew by 17.4%, thanks to increased gas consumption by the Group's thermoelectric power plants and external customers.

Crude Oil Production

2014 full year	in thousands of barrels	First half 2015	First half 2014	% change
2,620	Production in Italy	1,320	1,190	*10.9%*
1,541	Production outside Italy (1)	805	800	*0.7%*
4,161	**Total production**	**2,125**	**1,990**	***6.8%***

(1) Counting volumes withheld as production tax.

Crude oil production increased in Italy, rising by 10.9% thanks to the contribution of the Sarago field, which was taken offline for maintenance in the first half of 2014, while volumes outside Italy held relatively steady overall, thanks to the contribution of the new Scott and Telford (UK) fields, starting from May, which more than offset the normal depletion of the Egyptian concessions.

Economic Data

2014 full year	in millions of euros	First half 2015	First half 2014 (*)	% change
5,168	Sales revenues	2,717	2,585	*5.1%*
255	Adjusted EBITDA [(1)]	42	118	*(64.4%)*

(1) See note on page 22.
(*) The data for the first half of 2014 were restated to reflect the new presentation of derivatives and nonrecurring charges.

Sales revenues grew to 2,717 million euros in the first half of 2015, for a gain of 5.1% compared with the first six months of 2014, thanks to an increase in sales volumes that more than offset the impact of a decline in average sales prices consistent with the negative oil market scenario, mitigated in part by the revision of the price for the gas produced in Egypt.

Adjusted EBITDA for the first half of 2015 totaled 42 million euros, for a negative change of 76 million euros compared with the first six months of 2014 caused mainly by the slump in crude oil prices.

The abovementioned EBITDA amount is the net result of the adjusted EBITDA of the Exploration and Production activities, amounting to 145 million euros (216 million euros in the first half of 2014), the EBITDA of the regulated gas infrastructures and the loss incurred by the activities engaged in buying and selling natural gas, which are continuing to experience negative average unit margins. For this reason, Edison is committed to pursuing to completion a second round of price renegotiations for all of its procurement contracts, in the belief that it is essential to restore a reasonable level of profitability to its portfolio of multi-year contracts.

Corporate Activities and Other Segments

2014 full year	in millions of euros	First half 2015	First half 2014 (*)	% change
48	Sales revenues	24	23	*4.3%*
(131)	EBITDA	(46)	(59)	*22.0%*

(*) The data for the first half of 2014 were restated to reflect the new presentation of derivatives and nonrecurring charges.

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

Sales revenues for the first half of 2015 were little changed compared with the those for the same period last year, while EBITDA grew by 13 million euros, thanks in part to a program to curb operating expenses and to the absence of the nonrecurring charges recognized in 2014.

Other Components of the Group's Income Statement

2014 full year	in millions of euros	First half 2015	First half 2014 (*)	% change
814	**EBITDA**	**204**	**423**	***(51.8%)***
250	Net change in fair value of derivatives (commodities and foreign exchange)	(48)	157	*n.m.*
(761)	Depreciation, amortization and writedowns	(300)	(247)	*(21.5%)*
(11)	Other income (expense) net	(11)	(9)	*(22.2%)*
292	**EBIT**	**(155)**	**324**	***n.m.***
(91)	Financial income (expense), net	6	(82)	*n.m.*
13	Income from (Expense on) equity investments	(3)	7	*n.m.*
(159)	Income taxes	(40)	(125)	*68.0%*
55	**Profit (Loss) from continuing operations**	**(192)**	**124**	*n.m.*
40	**Group Interest in Profit (Loss)**	**(207)**	**116**	*n.m.*

(*) The data for the first half of 2014 were restated to reflect the new presentation of derivatives and nonrecurring charges.

Negative EBIT of 155 million euros are after depreciation, amortization and writedowns totaling 300 million euros, a negative net change in the fair value of derivatives hedging commodity and foreign exchange transactions amounting to 48 million euros (positive by 157 million euros in 2014) and net other expense of 11 million euros.

Depreciation, amortization and writedowns increased by 53 million euros, due to higher exploration costs (39 million euros) and the impairment of some E&P assets abroad (11 million euros).

The net result from continuing operations was a loss of 192 million euros (profit of 124 million euros in the first half of 2014), after net financial income of 6 million euros - a significant improvement compared with the same period last year thanks to gains realized due to a favorable trend in the euro/dollar exchange rate - and income taxes of 40 million euros. It is worth mentioning that following the ruling of unconstitutionality of the Robin Hood Tax (Constitutional Court Decision No. 10 of February 11, 2015), the deferred tax assets and the provision for deferred taxes recognized on the 6.5% corporate income tax (IRES) surcharge were eliminated, with a net negative effect of 68 million euros on the income statements for the first half of 2015.

Net Financial Debt and Cash Flows

At June 30, 2015, net financial debt amounted to 1,679 million euros (2,264 million euros at June 30 2014), for a decrease of 87 million euros compared with the 1,766 million euros owed at the end of December 2014.

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

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

2014 full year	in millions of euros	First half 2015	First half 2014 (*)
(2,451)	**A. NET FINANCIAL (DEBT) AT BEGINNING OF PERIOD**	**(1,766)**	**(2,451)**
814	EBITDA	204	423
(25)	Elimination of non-cash items included in EBITDA	11	(9)
(98)	Net financial expense paid	(7)	(77)
(249)	Income taxes paid (-)	(45)	(124)
9	Dividends collected	5	4
(21)	Other items from operating activities	(89)	(9)
430	**B. CASH FLOW FROM OPERATING ACTIVITIES**	**79**	**208**
408	Change in operating working capital	469	219
23	Change in non-operating working capital	(140)	(69)
(92)	Net investments (-)	(261)	(108)
769	**C. CASH FLOW AFTER NET INVESTMENTS AND CHANGES IN WORKING CAPITAL**	**147**	**250**
(76)	Dividends paid (-)	(54)	(63)
(8)	Other items	(6)	-
685	**D. NET CASH FLOW FOR THE PERIOD**	**87**	**187**
(1,766)	**E. NET FINANCIAL (DEBT) AT END OF PERIOD**	**(1,679)**	**(2,264)**

(*) The data for the first half of 2014 were restated to reflect the new presentation of derivatives.

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

- A positive change in operating working capital generated by programs implemented to optimize collection and payment timing and a seasonal effect typical of the stored gas inventory.

- A negative change in non-operating working capital the main component of which, related to the contracts to purchase natural gas, consists of the advances paid for volumes that the Company could not take delivery of in 2014 and which Edison is required to pay for pursuant to take-or-pay clauses.
- Investment activities that absorbed cash flow totaling 261 million euros, mainly for Exploration and Production activities in Italy, including development of the Clara Northwest field (23 million euros) and workover projects for some wells in the Vega A concession (8 million euros).

  Investment projects outside Italy focused on the Abu Qir concession in Egypt, for the construction of the NAQ PIII platform and for workover activities and drilling activities on some wells (56 million euros), the Zidane concession in Norway, for the construction of the Polarled pipeline that will link Zidane with the mainland (14 million euros), Algeria for the development of the Reggane concession (15 million euros) and Great Britain for the acquisition of interests in the Scott and Telford fields (41 million euros).

  In addition, about 69 million euros were invested in exploration activities, in Norway to drill the Tvillingen well (16 million euros) and the Haribo well (5 million euros), in Great Britain for exploration activities in the Handcross concession (16 million euros) and in the Falkland Islands for hydrocarbon exploration activities in the southern area (20 million euros).
- The payment of dividends to minority shareholders, mainly relating to the company E2i Energie Speciali Srl.

Rating

		Current	December 31, 2014
Standard & Poor's			
	Medium/long-term rating	BBB+	BBB+
	Medium/long-term outlook	Stable	Stable
	Short-term rating	A-2	A-2
Moody's			
	Rating	Baa3	Baa3
	Medium/long-term outlook	Stable	Stable

Outlook and Expected Year-end Results

Edison confirms EBITDA guidance of at least 1 billion euros for 2015, taking into account the impact of the arbitration regarding the gas supply contract from Libya expected in the second half of the year, the effects of the decline in oil prices and the benefit of programs implemented by the Company to reduce operating costs.

Edison Spa

Financial Highlights

2014 full year	in millions of euros	First half 2015	First half 2014 (*)	% change
4,822	Sales revenues	2,664	2,415	*10.3%*
(258)	EBITDA	(148)	(131)	*(13.0%)*
n.m.	*as a % of sales revenues*	*n.m.*	*n.s.*	
(402)	EBIT	(323)	(96)	*n.m.*
n.s.	*as a % of sales revenues*	*n.m.*	*n.m.*	
(37)	Net profit (loss) from continuing operations	(203)	15	*n.m*
-	Net profit (loss) from discontinued operations	-	-	
(37)	Net profit (loss)	(203)	15	*n.m*
238	Capital expenditures	45	60	*(25.0%)*
5,954	Net invested capital	6,374	6,472	*6.5%*
373	Net financial debt	867	422	*n.m*
5,581	Shareholders' equity	5,507	6,050	*(1.2%)*
0.07	Debt/Equity ratio	0.16	0.07	
1,506	Number of employees	1,500	1,505	*(0.4%)*

(*) The data for the first half of 2014 were restated to reflect the new presentation of derivatives and nonrecurring charges.

Pursuant to Consob Communication No. DEM/6064293 of July 28, 2006, the schedules that follow provide a reconciliation of the Group interest in net profit (loss) for the period and the shareholders' equity attributable to the shareholders of the controlling company at June 30, 2015 to the corresponding data for Edison Spa, the Group's Parent Company.

Reconciliation of the Net Result of Edison Spa to the Group Interest in Net Result

in millions of euros	First half 2015	First half 2014
Net result of Edison Spa	**(203)**	**15**
Intra-Group dividends eliminated in the consolidated financial statements	(62)	(168)
Results of subsidiaries, affiliated companies and joint ventures not recognized in the financial statements of Edison Spa	85	263
Valuation of investments in associates measured by the equity method	-	(2)
Other consolidation adjustments	(27)	8
Group interest in net result	**(207)**	**116**

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

in millions of euros	6/30/15	12/31/14
Shareholders' equity of Edison Spa	**5,507**	**5,581**
Carrying value of investments in associates eliminated against the corresponding interests in the shareholders' equities of the investee companies, including:		
- Elimination of the carrying values of the consolidated investments in associates	(1,305)	(1,358)
- Recognition of the shareholders' equities of consolidated companies	2,414	2,343
Valuation of investments in associates measured by the equity method	38	36
Other consolidation adjustments	(36)	25
Shareholders' equity attributable to the shareholders of the controlling	**6,618**	**6,627**

Risks and Uncertainties

Risk Management at the Edison Group

Enterprise Risk Management

Edison developed an integrated risk management model based on the international principles of Enterprise Risk Management (ERM), the main purpose of which is the adoption of a systematic approach to identifying the Company's most significant risks, addressing in advance their potential negative effects and taking appropriate actions to minimize them. For more details about the process and the ERM model adopted by Edison see the comprehensive description provided in the Report on Operations at December 31, 2014.

Energy Risk Management

Within the risk management activities, a separate process specifically addresses the commodity risk, which is the risk associated with price fluctuations in the financial and physical markets in which the Company operates with respect to such energy raw materials as electric power, natural gas, coal, crude oil and derivative products, and the related foreign exchange risk.

The specific objectives and operating procedures of the energy risk management process are discussed in detail in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2015 entitled "Group Financial Risk Management," which should be consulted for additional information.

Risk Factors

Risks Related to the External Environment

Legislative and Regulatory Risk

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

An overview of the main changes in the legislative framework, which are discussed in detail in the section of this Report entitled "Legislative and Regulatory Framework," is provided below:

Renewals of Hydroelectric Concessions

Article 37 of Decree Law No. 83 of June 22, 2012, setting forth "Urgent Measures for the Country's Development" (converted into law No. 134/2012), substantially amended the regulations governing hydroelectric concessions. Pursuant to those rules, issues related to concessions that expired or are in the process of expiring are also addressed in the law by means of transitional provisions (for concessions that have already expired and those expiring up to December 31, 2017, to which the five year period provided under

Article 12, Section 1, of the Bersani Decree is not applicable, the new concession starts five years after the original expiration date, but never later than December 31, 2017).

At the moment, the Ministry of Economic Development is conducting an in-depth review aimed at completing the reference regulatory framework and detailed regulations concerning the procedures for the renewal of hydroelectric concessions.

Price Risk and Foreign Exchange Risk Related to Commodity Activities

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

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

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

A more detailed analysis of these risks is available in the disclosure provided pursuant to IFRS 7 in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2015 entitled "Group Financial Risk Management."

Foreign Exchange Risk

The foreign exchange risk arises from the fact that some of Edison's activities are carried out in currencies other than the euro or are influenced by changes in foreign exchange rates through contractual components indexed to a foreign currency. The objectives pursued when managing the exchange rate risk are set forth in specific Exchange Risk Policies, depending on the different nature of the risk in question. For a detailed analysis of this risk please see the IFRS 7 disclosure provided in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2015 entitled "Group Financial Risk Management."

Interest Rate Risk

Because it is exposed to fluctuations in interest rates primarily with regard to the measurement of debt service costs, the Edison Group assesses on a regular basis its exposure to the risk of changes in interest rates and uses derivatives to hedge its positions. The Group's main interest rate exposure is to the Euribor.

A more detailed analysis of the interest rate risk is available in the disclosure provided pursuant to IFRS 7 in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2015 entitled "Group Financial Risk Management."

Credit Risk

The credit risk represents Edison's exposure to potential losses caused by the failure of commercial and financial counterparties to honor the commitments they have undertaken. The Edison Group's exposure to the credit risk is related to sales of electric power and natural gas, the investment of temporary excess liquidity and financial derivative positions.

To control this risk, the Group implemented procedures and activities that are described more in detail in the disclosure provided pursuant to IFRS 7 in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2015 entitled "Group Financial Risk Management."

Competitive Environment

In recent years, the energy markets in which the Group operates have been faced with a condition of excess supply that exerted significant pressure on volumes and sales margins. This situation is the result of a series of concomitant factors, chief among them a contraction in energy consumption, specifically reflecting the impact of the global economic crisis, the effectiveness of energy conservation programs and the geographic delocalization of the manufacturing sector, which uses electric power and gas for its production activities.

In the Italian electric power market, the reduction in demand and the structural increase in capacity from renewable sources are having a negative effect almost exclusively on gas-fired thermoelectric production, which represents a significant portion of the Group's production mix. In addition, the power generation part dependent on large-scale hydroelectric concessions, is also exposed to the risk entailed by the renewal of expired or expiring concessions (see the section entitled "Legislative and Regulatory Framework" section of this Report). Moreover, radical changes in the power generation technologies currently in use or under development could make some technologies more competitive than those that are part of the Company's production mix. In order to mitigate this risk, Edison monitors and assesses on an ongoing basis the development of new technologies, which are discussed in greater detail in the "Innovation, Research and Development" chapter of this Report on Operations at June 30, 2015.

In recent years, in the natural gas market, the full availability of new importation infrastructures and an ample supply of LNG, due in part to the development of major reserves of non-conventional gas in the United States, resulted in an increase in the availability of gas in an environment characterized by falling consumption, with negative effects also in terms of the Company's exposure to the take-or-pay clauses of long-term gas procurement contracts. Under those clauses, Edison has agreed to take delivery each year of contractually predetermined quantities of gas or, should it fail to take delivery, pay the full price, or a fraction thereof, for the undelivered volumes up to the contractual minimum. However, under the take-or-pay clauses, the Company has the right to take delivery of the prepaid gas in subsequent years, thereby recovering the cash advances it paid, net of the financing costs associated with the advances.

In order to address the risks entailed by its involvement in the domestic electric power market, the Group has been pursuing in recent years lines of action aimed mainly at developing a portfolio of customers in the deregulated segment of the market, consistent with a strategy of gradual downstream integration, geographic diversification, optimization of the production mix, and development of renewable energy sources.

Among the various actions taken to minimize the competitive pressure risk in the hydrocarbon area, a major contractual tool is the enforcement of clauses allowing the renegotiation of prices, based on changes in the benchmark energy scenario and market conditions, which are included in long-term natural gas supply contracts. In this respect, Edison successfully completed a first round of renegotiations of the existing contracts with all of its current suppliers of natural gas; the price review for the Libyan contract should be completed in 2015 as part of the second round of price reviews.

Country Risk

The Edison Group has undertaken an important internationalization strategy that involves both the marketing of electric power, through some foreign branches, and the pursuit of hydrocarbon exploration and production activities. Currently, the most significant areas are Greece, where Edison produces and markets electric power through a joint venture with Hellenic Petroleum, its Greek partner, and Egypt, where the Company is a producer of natural gas and crude oil as the operator of the Abu Qir offshore concession.

Because of its presence in these international markets, the Group is exposed to the so-called "country risk," i.e., a whole series of risks deriving mainly from political, economic, social, regulatory and financial differences compared with conditions in the country of origin. These risks can vary widely from those faced when operating exclusively in the domestic market and, consequently, can have a negative effect on the profitability and valuation of investments made abroad.

- In Greece, the country's political stability deteriorated in the first half of 2015, particularly with regard to the relationship between the new Greek government, led by Prime Minister Alexis Tsipras, and the European and international institutions involved in negotiating a structured program of reforms aimed at obtaining an assistance plan to support Greece. This context caused a deterioration of the country's macroeconomic picture that could continue for all of 2015, with repercussions even in terms of potential protests and social unrest.

  In addition, there is persisting uncertainty about the regulatory framework for the energy sector as a whole and, specifically, regarding the mechanism to remunerate production capacity, which could have a negative impact on the profitability of gas-fired generating facilities.

  In the early month of 2015, the Standard & Poor's rating agency repeatedly downgraded Greece's rating, ultimately lowering it to CCC- with negative outlook on June 29, 2015.

  Subsequently, on July 21, the rating was raised to CCC+, with stable outlook, in response to a financing of 7.2 billion euros provided to Greece and a preliminary agreement with the Eurogroup for a three-year loan program.

  In this context, the Company constantly monitors Greece's political-economic context and its regulatory framework.

The Group's exposure in this area at June 30, 2015 is summarized below:

	in millions of euros
Equity stake in Elpedison	25
Loan to this investee company	82
Guarantees provided	30
Other equity investments	6
Total	**143**

- In Egypt, the institutional developments of 2014, such as the adoption of a new constitution in January 2014 and the election of President Al-Sisi in May the same year, helped significantly to reduce the political instability that followed the end of Mubarak's regime and the deposition of President Morsi.
  In the first half of 2015, there were signs that the economy was beginning to stabilize, thanks to the financial aid provided by some Gulf countries, such as Saudi Arabia, Arab Emirates and Kuwait, the increased political strength of the new government and the implementation of a program of reforms. In this context, a further signal of confidence in this country for investors depends on its ability to secure loans from the International Monetary Fund, the negotiations for which are at this point on hold, even though relationships between Egypt and the International Monetary Fund are improving. In May 2015, the Standard & Poor's rating agency revised to positive the outlook for the country's sovereign debt, which carries a B- rating. With regard to security and stability, the biggest threat comes from potential terrorist attacks by the Islamic State against Egypt's main resources.
  In this environment, the Group constantly monitors the country's macroeconomic situation, taking what action may be necessary to minimize the risks entailed by the loss in value of the local currency, and the security conditions within which it operates.

Process Risks

Operational Risk

Edison's core businesses include building and operating technologically complex facilities for the production of electric power and hydrocarbons that are interconnected along the entire length of the value chain, managing gas storage centers, developing gas infrastructures, marketing energy efficiency services and solutions and distributing electric power and gas in retail and wholesale markets. These activities, which could entail the involvement of third parties, expose the Company to operational risks deriving from external or internal events, such as the potential inadequacy of procedures or systems, with a potential impact both on the Group's economic performance and its reputation.

Insofar as the Group's industrial risk management policy is concerned, it includes risk prevention and control activities, the adoption specific security standards developed by international recognized entities, such as the National Fire Protection Association (NFPA) and Factory Mutual (FM), implementation of the upgrades required by national laws and local entities with regulatory authority over such issues, and frequently scheduled equipment overhauls, contingency planning, inventory management and maintenance activities. When appropriate, an effective industrial insurance and expert evaluation strategy that includes the use of

Erection All-Risk, Property All-Risk and Exploration and Production policies that also provide coverage for indirect damages or delays in the availability of new facilities can help minimize the potential consequences of such damage events.

In addition, the management of crisis events is governed by specific internal guidelines, updated in 2014, designed to provide a quick and effective response to potential crisis situations that could cause injuries to people and damage the environment and the Company's facilities or reputation.

Additional information about the management of environmental and occupational safety risks is provided in the section of this Report on Operations at June 30, 2015 entitled "Health, Safety and the Environment."

Information Technology

The Group's operations are supported by complex information systems, specifically with regard to the technical, commercial and administrative areas. Risks issues exist with regard to the adequacy of these systems and the availability, integrity and confidentiality of data and information. With regard to the first of these issues, after bringing on line in 2014 a new information system for ERP processes (Accounting, Management Control, Purchasing, Investments, Maintenance, Human Resources) for Italy and abroad and a new CRM integrated information system ("Nice" and "Thor" projects) to support the processes of the Marketing, Sales & Energy Services Division, important projects are being developed and will be finalized in the second half of 2015 aimed at:

- making the management processes of the gas and power businesses and the respective systems compliant with new Italian and European directives;
- developing procedures and systems to support compliance with the Remit regulations regarding transactions in physical products;
- developing a new information technology system to support the rolling forecast process;
- implementing a new information system to support credit collection activities;
- updating the Contract Management system.

With regard to the risk of activity interruption caused by a system fault, Edison adopted a high reliability hardware and software configuration for those applications that support critical activities. Specifically, a business continuity solution capable of guaranteeing the continuity of processes even in case of a disaster event at the main data processing center was tested successfully in 2014 and the test will be repeated in the second half of 2015.

Lastly, the risk of the occurrence of new types of cyber-attacks is being mitigated with the adoption of strict security standards and solutions. In this regard, a study is being carried out in 2015 ahead of the implementation, scheduled for the second half of the year, of a Security Operation Center (SOC) that will provide the services needed to prevent and manage these new types of cyber-attacks.

Internal Processes and Structures Supporting Business Activities

The internal processes and the organizational structure that support both corporate and operating activities require constant update, consistent with the evolution of market developments, the legislative/regulatory framework and the Company's operating and strategic objectives. Risk factors can arise from a delay and/or incomplete adjustment of internal processes and the organizational structure, with potential repercussions on the profitability and efficiency of business activities and/or the Company's own reputation.

Edison carries out periodically and on an ongoing basis activities to improve the quality of its processes in the different areas of business, with special emphasis on customer service, and defines special controls and projects for specific issues of particular importance, such as credit collection in the Small and Medium-size Business and Residential segments and compliance with new E.U. regulations on the activities and transparency of the energy markets. In addition, Edison adopts specific compensation and management policies aimed at retaining and acquiring key competencies.

Liquidity

The liquidity risk has to do with the possibility that the Company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The policy to manage this risk, integrated at the EDF Group level, is designed to ensure that the Edison Group has access to sufficient credit facilities to meet short-term financial maturities, while at the same time consolidating its funding sources.
A more detailed analysis of these risks is available in the disclosure provided pursuant to IFRS 7 in the section of the Condensed Consolidated Semiannual Financial Statements at June 30, 2015 entitled "Financial Risk Management."

Strategy and Planning Risk

Investments in Development and Acquisitions

The development of the core businesses of the Edison Group must be supported with direct investments (internal growth) and acquisitions.
Insofar as direct investments in the electric power sector are concerned, the Edison Group is constantly engaged in programs to develop new power plants and upgrade older facilities in order to increase their profitability, efficiency and operating flexibility. Moreover, also in the areas of electric power distribution and production, the Group is engaged in the development of investments outside Italy, focusing on the Balkans and Southeast Europe.
As a result of these activities, the Edison Group is exposed to permit risks; risks of delays in the construction and launch of commercial activity of new projects; risk of increases in operating, materials and service costs; risks related to new developments in existing technologies; risks related to changes in the political and regulatory framework in some of the foreign countries where it operates or plans to operate in the future (see the "Country Risk" section above); and risks related to public opinion, which could affect the Company's reputation.
As for direct investments in the hydrocarbon sector, the Group is pursuing projects for the development of gas storage fields and thus increase the reliability of Italy's gas system and is engaged in exploration, development and production in the natural gas and crude oil areas, with the aim of increasing its hydrocarbon reserves and developing its asset portfolio as an integrated energy operator. However, exploration and production activities

are typically subject to uncertainties with regard to estimates of proven reserves, projections of future production rates and the timing of development investments, due to the fact that estimates of proven reserves depend on a long series of factors, assumptions and variables.
Additional investment and some carefully selected divestments, implemented as part of a strategy to streamline the overall portfolio, are planned for the future to support the growth of the Group's core businesses both in the electric power sector and the hydrocarbon area.
As for the strategy of growth through acquisitions, its success is predicated on the availability in the market of opportunities that could help the growth of the Group's core businesses at an acceptable cost and on the Company's ability to identify and seize those opportunities. In this area, the benefits expected from such transactions can be compromised by an ineffective integration of the acquired assets or from losses and costs related to them not originally anticipated.
In order to minimize these risks, Edison adopted a series of internal processes to monitor the research and assessment phases of investment initiatives. In addition to requiring the use of appropriate written procedures, these processes require the use of due diligence activities, binding contracts, multilevel internal authorization processes, project risk assessment activities and strict project management and project control activities.

Policies and Management Tools Adopted by the Group

Energy Risk Policy

Governance

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

Financial Hedges

One of the objectives of the Group's risk management activity is to stabilize the cash flows generated by the existing portfolio of assets and contracts and use strategic hedging to protect the Group's industrial margins from fluctuations caused by the effect of the price risk and the foreign exchange risk (as defined above in the Risk Factors section of this chapter) on the commodities handled.
Strategic hedging is carried out by means of financial hedges that are activated gradually during the year, based on market trends and changes in projections of the volumes of physical buy and sell contracts and the production of the Group's assets.
The gradual implementation of strategic hedging helps minimize the execution risk, which refers to the possibility that all hedges will be activated during an unfavorable market phase, the volume risk, which is

related to the variability of the underlying items that require hedging based on the best volume projections, and the operational risk, which is related to implementation errors.

Moreover, the Group's policy is designed to minimize the use of financial markets for hedging purposes by maximizing the benefits of the vertical and horizontal integration of its different business segments.

Accordingly, the Group makes it a planning priority to physically balance the volumes of physical energy commodities that it will sell in the market on the different due dates, using for this purpose the production assets it owns and its portfolio of medium/long-term contracts and spot contracts.

In addition, the Group pursues a strategy designed to homogenize sources and physical uses, so that the formulas and indexing mechanisms that determine the revenues generated by the sale of energy commodities reflect as much as possible the formulas and indexing mechanisms that govern the costs that the Group incurs to purchase energy commodities in market transactions and to supply its production assets.

To manage the price and foreign exchange risk on the remaining exposure of its portfolio of assets and contracts, the Group can use structured hedges executed in the financial markets in accordance with a cash flow hedging strategy.

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

Enterprise Risk Management Policy

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

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

The overall results for the first half of 2015 are reviewed in the Risk Factors section of this Report.

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

Provisions for Risks and Charges

In addition to the disclosures provided above concerning risk management and mitigation activities, whenever it incurs current obligations arising from past events, which can be of a legal or contractual nature or implied by Company declarations or conduct such as to create in a third party a valid expectation that the Company will be responsible or assume responsibility for the performance of an obligation, the Edison Group sets aside appropriate amounts in special provisions for risks and charges, which are shown among the liabilities on the balance sheet (see also the Notes to the Condensed Consolidated Semiannual Financial Statements). Specifically, in the normal course of business, Group companies have become parties to judicial proceedings and tax disputes, a description of which is provided in the section entitled "Risks and Contingent Liabilities Associated with Legal and Tax Disputes," within the "Commitments, Risks and Contingent Assets" chapter of the Condensed Consolidated Semiannual Financial Statements at June 30, 2015."

Other Information

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

- At June 30, 2015, it did not hold treasury shares or shares of its parent company, either directly or indirectly through nominees or other third parties. No transactions involving treasury shares or shares of the parent company were executed during the period, either directly or indirectly through nominees or other third parties.
- In first half of 2015, the Group executed significant transactions with related parties, a description of which is provided in the section of the Condensed Consolidated Semiannual Financial Statements entitled "Intercompany and Related-Party Transactions."
- No secondary registered offices have been established.

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

CORPORATE SOCIAL RESPONSIBILITY

Innovation, Research and Development

During the first half of 2015, the Research, Development and Innovation Department worked on implementing a program that encompasses topics both in the Electric Power and Hydrocarbons sectors, with a growing presence of activities in the latter sector.
Activities in the Electric Power sector included, in addition to specific research-oriented programs, such as those involving the study of advanced energy materials and techniques, the development of innovation projects that provide other Departments with innovative process and product solutions for customers. In the Hydrocarbons sector, the first half of the year saw a consolidation of the portfolio of projects that are part of the EDF Group Program in this area, which is coordinated by the Research, Development and Innovation Department.

A noteworthy development at the Trofarello Research Center, in addition to the abovementioned studies on advanced materials, was the implementation of a new dedicated laboratory for hydrocarbons, which was officially inaugurated on June 16, 2015. Other sections of this laboratory are in the completion phase, with startup expected early next year.

The Research, Development and Innovation Department also pursues innovation in various areas related to sustainability through studies, monitoring activities and solutions in the fields of energy efficiency, renewable sources and distributed power generation and storage within a smart grid framework.
This broad portfolio of activities is pursued with and thanks to the cooperation of EDF's R&D organization and a series of collaborations and partnership with universities and businesses who developed specific knowhow.

Health, Safety and the Environment

The main achievements of the first half of 2015 and projects under development are reviewed below.

Safety Performance Trend

Consistent with previous years, the Group consolidated the practice of presenting comprehensively the effect of programs to promote a culture of occupational health and safety; occupational safety indices are computed combining the data for Edison's personnel and for employees of suppliers, assigning to management throughout the organization improvement objectives compared with the average results for the previous three years.

On this basis, in the first half of 2015, the combined Injury Incidence Rate for activities in Italy and abroad was 1.6, in line with the rate at the end of 2014 (1.7), while hours worked decreased by about 4% compared with the previous year

The combined Lost Workday Incidence Rate for activities in Italy and abroad was 0.09 for the first six months of 2015, in line with the level in 2014 (0.06), with no appreciable variances between Company staff and employees of contractors.

Activities Concerning Occupational Health and Safety

The main activities carried out in the first half of 2015 in this area are reviewed below:

- The Risk Assessment Documents were reviewed and updated. The results of the assessments were discussed at the periodic safety meetings required by current regulations (Article 35 of Legislative Decree No. 81/08), during which progress reports on the implementation of training processes and the macro-results of employee health monitoring programs were also presented. The process of updating the assessment documents for the risk of work-related stress also got under way.
- A transversal training program planned for Managers of the Company's Protection and Prevention Services in 2015 was defined. The program, which last a total of 32 hours, addresses the following topics: planning and delivery of training programs, planning of a trade academy for health and safety, stress and muscular-skeletal ailments; the first eight hours of the program were delivered in the first half of 2015. A training meeting for Employee Safety Representatives was planned for October 2015 on the issue of muscular-skeletal ailments.
- The training program on risk perception was extended to the operating employees of Edison Stoccaggio, who attended three training days in March at the San Potito Cotignola, Collalto and Cellino production facilities.
- A specific dedicated Training program for the entire staff of the Rome headquarters was carried out as part of the various follow-up activities required further to BS OHSAS 18001 certification of the common headquarters.
- Within the framework of the Back School at Work Project, a voluntary training cycle on the topic of on-the-job posture was provided again to employees at the Foro Buonaparte and Rome headquarters. The purpose of this project is to develop, through theoretical lessons and practical experience, useful competencies to remedy muscular-skeletal ailments.

- A new Group Health and Safety Policy, integrated with the environment, was published in March.

Environmental Activities

There were no accidents with an impact on the environmental matrices (soil, subsoil, surface waters and biodiversity) in the first six months of 2015.

The main activities carried out or launched in the first half of 2015 in this area are reviewed below:

- As part of the implementation of the environmental management systems, all analyses of environmental issues at operating sites and their level of significance were updated.
- A training program concerning environmental issues was started for the Environmental Protection, Safety and Quality professional family; courses concerning the characterization of waste, the regulations governing fluorinated gases and the ISO 14001 standard are planned for 2015, for a total of 16 hours.
- The project to monitor biodiversity at the Vega and Rospo Mare offshore fields was expanded. The results show that the areas where the platforms are located have a high level of biodiversity.
- All activities required by national environmental laws were completed on schedule, including: disclosures about the handling of drained and discharged water, reports about generated waste, disclosures about the handling of fluorinated gases with a greenhouse effect, transmission of data to the INES/E-PRTR register for targeted facilities with emissions that exceed the ceilings of the relevant regulations, disclosures required by the Emissions Trading regulations, filing of the application for the issuance of the Integrated Environmental Permit, and payment of the fee for the waste tracking system (SISTRI). In this area, use of an online system for the transportation of hazardous waste was strengthened.
- Further to the enactment of E.U. Regulation No. 1272, the criteria for the classification of waste were modified in order to make them consistent with those for substances and blends (CLP). Consequently, new classifications had to be developed for the waste produced at Edison sites in order to comply with the new regulation.
- Due to the enactment of Legislative Decree No. 102 of 2014, the Company began the activities needed to perform energy diagnoses at the Company's operating sites and offices. The energy diagnoses of the selected sites will be completed by December 5, 2015, as the decree requires.
- The Cellino gas facility of Edison Stoccaggio obtained a Single Environmental Permit valid for 15 years.
- Site characterization, safety assurance and environmental remediation work continued. Most of these activities involve highly significant industrial sites potentially polluted by activities carried out in the past that were sold and/or closed. At the same time, work continued on environmental remediation procedures for soil and aquifer contamination plumes identified or started in previous years at some of the Group's thermoelectric and hydroelectric power plants.

Combined Quality, Environmental, Health and Safety Activities

The following monitoring inspections of certified management systems were successfully completed in the first half of 2015: the 14001-18001 integrated environmental, health and safety management system for the Trofarello Research and Development Center, the Engineering Division, the Hydroelectric Operations and the Thermoelectric Operations; and the quality management system for the Marketing, Sales and Energy Services Division and Edison Energia SpA. The EMAS environmental registrations for the Garaguso gas production site and the Cellino storage site were also renewed, in addition to completing the audits of the Hydroelectric and Thermoelectric Operations.

All management reviews required by the implementation of organizational models and the environmental and safety management systems were carried out. During those reviews, the results for 2014 were analyzed and programs for improvements in subsequent years were identified. In addition, a company-wide review was carried out with the aim of establishing consistency among the various certified management systems in use at Edison. HSE managers from foreign branches also took part in this review. The findings of this review were used to define the targets for 2015 and the participants jointly developed the internal auditing plan and the training program for the Environmental Protection, Safety and Quality professional family.

During the first half of the year, the Company carefully monitored the updating process for the ISO 9001 and 14001 standards, which will be published by the end of the year. In this area, a training session for the entire Environmental Protection, Safety and Quality professional family has already been planned.

The process of collecting and analyzing the environmental and health and safety data needed to prepare and publish the Sustainability Reports of Edison and the EDF Group was completed.

A new update to General Rule No. 02/92 Rev. 05 "Occupational Health and Safety and Environmental Protection: Group Rules for Businesses and Independent Contractors and Suppliers of Services" was published in April.

Human Resources and Industrial Relations

Human Resources

At June 30, 2015, the Edison Group had a staff of 3,086 employees, compared with 3,101 employees at December 31, 2014, for a reduction 15 employees attributable mainly to Abu Qir Petroleum.

Industrial Relations

During the first six months of 2015, the Company continued to engage in activities to manage the social safety net programs for the employees of mothballed power plants.

More specifically, the following actions were taken as part of a broader process for the reassignment and requalification of the employees of the abovementioned units:

- for the Piombino (LI) power plant, through specific agreement with the labor unions, the social safety net programs (Regular Supplemental Layoff Benefits Fund and the Defensive Solidarity Contract), which were activated in 2014, were extended for the current year;
- for the San Quirico (PR) power plant, a new statement of understanding concerning the activation of the Supplemental Layoff Benefits Fund for the employees of this mothballed power plant was signed with the labor unions on March 12, 2015 at the offices of the Parma Regional Administration;
- for the Jesi power plant, the employee reassignment program was fully implemented.

In addition, during the first half of the year, special training sessions were held for human resource managers from the various organizational areas, which focused on the changes in the legislative framework introduced with the Jobs Act, specifically regarding the contract with step-up employee protection and its comparison with the apprenticeship contract.

Organization and Employee Services

The main organizational changes that occurred during the first half on 2015 are listed below:

- Reconfiguration of the organization of the Information & Communication Technology Department, with the aim of establishing stronger safeguards for the Quality Assurance and IT Security processes and the general development of IT systems in the various areas of the Group.
- Reconfiguration of the organization of the Procurement Department, designed to reestablish a proper balance for the various merchandise classes, consistent with the main business activities.
- Reconfiguration of the organizational model of the Energy Management Business Unit, with the goal of achieving greater integration of activities and more effective portfolio optimization processes in terms of markets and different time horizons.
- Redefinition of responsibilities to manage the process of defining business scenarios, with the objective of developing, with a structured approach carried out with the contribution of the Company's various Divisions, Business Unit and Department, an organic vision of the evolution of existing and potential markets of interest for Edison, so as to achieve an adequate assessment of the risks and business opportunities entailed by the Company's growth objectives.

- Completion of the Credit project, the objectives of which included redesigning the organization of the credit process for all customer segments, rationalizing operating processes and developing IT support tools. Based on the project's findings, the Interdepartmental Task Force was reconfigured as the Credit Management Department, with responsibility for this Department and for process management being entrusted to the Marketing, Sales & Energy Services Division, with functional coordination provided by the Finance Division.
- Further development by Edison of the "Edison per Te" employee wellbeing program, the objective of which is to help employees reconcile their personal needs with their professional obligations with the aim of improving their quality of life. The annual service evaluation survey involving all employees, carried out in January, produced a highly positive assessment of the program: 96% of respondents rated the program as very/quite useful (+4% compared with the previous year) and this assessment was confirmed in the "MyEDF 2014" survey. Lastly, the growing popularity of this program was confirmed by it usage data, with reservations rising to more than 7,000 in 2014, and by its ability to reach a steadily growing number of employees (in 2014, 62% of the employees used these services at least once).

Training and Development

Training and development activities carried out in the first half of 2015 included, as usual, the start of institutional and managerial training tracks devoted to young recent college graduates and professionals (including induction for the 2014 newly hired employees) and the launch of a training program specifically designed for the 50 young resources enrolled in the program for early detection of talented employees; in addition, the training program for the Company's Code of Ethics, which was aimed at disseminating the values, principles and rules of conduct of the Edison Code of Ethics through an innovative and dynamic e-learning process, reached full implementation. This program ended with a "classroom" seminar open to all employees carried out with the contribution of managers and external professionals. Management training focused on the Annual Interview, seen as a boss-employee dialog tool; in addition, the offerings of the Ecampusmanagers management training platforms was broadened to include economic scenario and innovation content. Collaboration with the Group's Corporate University continued in all leadership and management programs. A noteworthy development was the third edition of the new Gas and Hydrocarbons Fundamentals program developed in collaboration with SDA Bocconi to benefit professionals at Edison and Group.

Programs concerning "professional family" competencies included, in addition to the structural activities of the Market Academy, the start of specialized training programs, such as the Nautilus program on geosciences/subsoil, which involved at the international level professionals in the Exploration & Production and Research and Development areas. Other activities launched in the first half of 2015 included a structured program on Project Management for Information Communication Technology professionals, provided in cooperation with MIP Politecnico di Milano, and a Business Assessment course for professionals in the Finance area.

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CONDENSED CONSOLIDATED SEMIANNUAL FINANCIAL STATEMENTS

at June 30, 2015

EDISON

Income Statement

(in millions of euros)	See Note	1st half 2015	of which related parties	1st half 2014 (*)	of which related parties
Sales revenues	1	5,619	235	6,111	153
Other revenues and income	2	70	1	96	2
Total net revenues		**5,689**	**236**	**6,207**	**155**
Raw materials and services used (-)	3	(5,372)	(147)	(5,673)	(129)
Labor costs (-)	4	(113)		(111)	
EBITDA	5	**204**		**423**	
Net change in fair value of commodity derivatives	6	(48)		157	
Depreciation, amortization and writedowns (-)	7	(300)		(247)	
Other income (expense), net	8	(11)		(9)	
EBIT		**(155)**		**324**	
Net financial income (expense)	9	6	76	(82)	(15)
Income from (Expense on) equity investments	10	(3)	(5)	7	3
Profit (Loss) before taxes		**(152)**		**249**	
Income taxes	11	(40)		(125)	
Profit (Loss) from continuing operations		**(192)**		**124**	
Profit (Loss) from discontinued operations		-		-	
Profit (Loss)		**(192)**		**124**	
Broken down as follows:					
Minority interest in profit (loss)		15		8	
Group interest in profit (loss)		**(207)**		**116**	
Earnings (Loss) per share (in euros)	12				
Basic earnings (loss) per common share		(0.0406)		0.0213	
Basic earnings per savings share		0.0250		0.0513	
Diluted earnings (loss) per common share		(0.0406)		0.0213	
Diluted earnings per savings share		0.0250		0.0513	

(*) The amounts have been restated as a result of the new exposure of derivatives and nonrecurring expense.

Other Components of the Comprehensive Income Statement

(in millions of euros)	See Note	1st half 2015	1st half 2014
Profit (Loss)		**(192)**	**124**
Other components of comprehensive income:			
A) Change in the Cash Flow Hedge reserve	23	**189**	**124**
- Gains (Losses) arising during the period		276	177
- Income taxes		(87)	(53)
B) Change in reserve for available-for-sale investments	23	**1**	**-**
- Gains (Losses) not realized		1	-
- Income taxes		-	-
C) Differences on the translation of assets in foreign currencies		**15**	**8**
- Gains (Losses) not realized		20	10
- Income taxes		(5)	(2)
D) Pro rata interest in other components of comprehensive income of investee companies		**-**	**-**
E) Actuarial gains (losses) (**)		**1**	**-**
- Actuarial gains (losses)		1	-
- Income taxes		-	-
Total other components of comprehensive income net of taxes (A+B+C+D+E)		**206**	**132**
Total comprehensive profit (loss)		**14**	**256**
Broken down as follows:			
Minority interest in comprehensive profit (loss)		15	8
Group interest in comprehensive profit (loss)		**(1)**	**248**

(**) Items not reclassificable in Income Statement.

Balance Sheet

06.30.2014 (*)	of which related parties	(in millions of euros)	See Note	06.30.2015	of which related parties	12.31.2014	of which related parties
		ASSETS					
4,251		Property, plant and equipment	*13*	4,455		4,348	
6		Investment property	*14*	6		6	
3,231		Goodwill	*15*	3,070		3,070	
821		Hydrocarbon concessions	*16*	748		739	
120		Other intangible assets	*17*	120		118	
144	144	Investments in associates	*18*	145	145	149	149
180		Available-for-sale investments	*18*	173		174	
100	87	Other financial assets	*19*	74	5	47	5
233		Deferred-tax assets	*20*	398		501	
176		Other assets	*21*	299		171	
9,262		**Total non-current assets**		**9,488**		**9,323**	
493		Inventories		293		479	
2,523	63	Trade receivables		2,032	39	2,848	75
22		Current-tax assets		52		45	
1,580	143	Other receivables		1,491	209	1,634	185
87	6	Current financial assets		130	83	132	85
648	424	Cash and cash equivalents		221		473	12
5,353		**Total current assets**	*22*	**4,219**		**5,611**	
-		**Assets held for sale**		-		-	
-		**Eliminations of assets from and to discontinued operations**		-		-	
14,615		**Total assets**		**13,707**		**14,934**	
		LIABILITIES AND SHAREHOLDERS' EQUITY					
5,292		Share capital		5,292		5,292	
1,787		Reserves and retained earnings (loss carryforward)		1,778		1,746	
120		Reserve for other components of comprehensive income		(245)		(451)	
116		Group interest in profit (loss)		(207)		40	
7,315		**Total shareholders' equity attributable to Parent Company shareholders**		**6,618**		**6,627**	
115		Shareholders' equity attributable to minority shareholders		457		510	
7,430		**Total shareholders' equity**	*23*	**7,075**		**7,137**	
35		Provision for employee severance indemnities and provisions for pensions	*24*	36		37	
113		Provision for deferred taxes	*25*	45		45	
912		Provisions for risks and charges	*26*	1,097		923	
598		Bonds	*27*	599		598	
1,010	796	Long-term financial debt and other financial liabilities	*28*	977	797	990	796
6		Other liabilities	*29*	2		2	
2,674		**Total non-current liabilities**		**2,756**		**2,595**	
1,291		Bonds		45		553	
187	22	Short-term financial debt		409	240	230	33
1,864	64	Trade payables		1,756	37	2,321	77
12		Current taxes payable		17		20	
1,157	205	Other liabilities		1,649	290	2,078	240
4,511		**Total current liabilities**	*30*	**3,876**		**5,202**	
-		**Liabilities held for sale**		-		-	
-		**Eliminations of liabilities from and to discontinued operations**		-		-	
14,615		**Total liabilities and shareholders' equity**		**13,707**		**14,934**	

(*) The amounts have been restated as a result of the new exposure of fair value on physical contracts included in trading portfolios.

Cash Flow Statement

The table below analyzes the **cash flow** as it applies to short-term liquid assets (i.e., due within 3 months) in the first half 2015. 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)	See Note	1st half 2015	of which related parties	1st half 2014 (*)	of which related parties
Profit (Loss) before taxes		**(152)**		**249**	
Depreciation, amortization and writedowns	7	300		247	
Net additions to provisions for risks		(9)		(4)	
Interest in the result of companies valued by the equity method (-)		5	5	(3)	(3)
Dividends received from companies valued by the equity method		3	3	3	3
(Gains) Losses on the sale of non-current assets		1		(5)	
Change in the provision for employee severance indemnities and provisions for pensions	24	(1)		-	
Change in fair value recorded in EBIT		52		(185)	
Change in operating working capital		469	(4)	219	29
Change in non-operating working capital		(140)	26	(69)	47
Change in other operating assets and liabilities		(68)		28	
Net financial (income) expense	9	(6)	(76)	82	15
Net financial expense paid		(7)	76	(77)	(15)
Net income taxes paid		(45)		(124)	
A. Cash flow from continuing operations		**402**		**361**	
Additions to intangibles and property, plant and equipment (-)	13-17	(257)		(142)	
Additions to non-current financial assets (-)		(6)	(6)	-	
Net price paid on business combinations		-		-	
Proceeds from the sale of intangibles and property, plant and equipment		-		31	
Proceeds from the sale of non-current financial assets		-		-	
Repayment of capital contribution by non-current financial assets		2		3	
Change in other current financial assets		2	2	(10)	
B. Cash used in investing activities from continuing operations		**(259)**		**(118)**	
Receipt of new medium-term and long-term loans	27, 28, 30	250	250	-	
Redemption of medium-term and long-term loans (-)	27, 28, 30	(761)	(250)	(13)	
Other net change in financial debt		170	220	(11)	
Distribution of shareholders' equity and reserves (-)		-		-	
Dividends paid to controlling companies or minority shareholders (-)		(54)		(63)	(57)
C. Cash used in financing activities from continuing operations		**(395)**		**(87)**	
D. Net currency translation differences		**-**		**-**	
E. Net cash flow for the period from continuing operations (A+B+C+D)		**(252)**		**156**	
F. Net cash flow for the period from discontinued operations		**-**		**-**	
G. Net cash flow for the period (continuing and discontinued operations) (E+F)		**(252)**		**156**	
H. Cash and cash equivalents at the beginning of the year from continuing operations		**473**		**492**	
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)		**221**	-	**648**	424
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)		**221**	-	**648**	424

(*) The amounts have been restated as a result of the new exposure.

Changes in Consolidated Shareholders' Equity

(in millions of euros)	Share capital	Reserves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income: Cash Flow Hedge reserve	Reserve for 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)	Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders (*)	Total shareholders' Equity (*)
Balance at December 31, 2013	**5,292**	**1,750**	**-**	**-**	**(11)**	**-**	**(1)**	**96**	**7,126**	**113**	**7,239**
Appropriation of the previous year's profit (loss)	-	96	-	-	-	-	-	(96)	-	-	-
Dividends and reserves distributed	-	(63)	-	-	-	-	-	-	(63)	(7)	(70)
Other changes	-	4	-	-	-	-	-	-	4	1	5
Total comprehensive profit (loss)	-	-	124	-	8	-	-	116	248	8	256
of which:											
- Change in comprehensive income	-	-	124	-	8	-	-	-	132	-	132
- Profit (Loss) from 01.01.2014 to 06.30.2014	-	-	-	-	-	-	-	116	116	8	124
Balance at June 30, 2014	**5,292**	**1,787**	**124**	**-**	**(3)**	**-**	**(1)**	**116**	**7,315**	**115**	**7,430**
Reserve for sale shares without loss of control	-	(35)	-	-	-	-	-	-	(35)	389	354
Other changes	-	(6)	-	-	-	-	-	-	(6)	(1)	(7)
Total comprehensive profit (loss)	-	-	(582)	-	14	-	(3)	(76)	(647)	7	(640)
of which:											
- Change in comprehensive income	-	-	(582)	-	14	-	(3)	-	(571)	-	(571)
- Profit (Loss) from 07.01.2014 to 12.31.2014	-	-	-	-	-	-	-	(76)	(76)	7	(69)
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	-	-	-	-	-	-	-	-	-	(66)	(66)
Other changes	-	(8)	-	-	-	-	-	-	(8)	(2)	(10)
Total comprehensive profit (loss)	-	-	189	1	15	-	1	(207)	(1)	15	14
of which:											
- Change in comprehensive income	-	-	189	1	15	-	1	-	206	-	206
- Profit (Loss) from 01.01.2015 to 06.30.2015	-	-	-	-	-	-	-	(207)	(207)	15	(192)
Balance at June 30, 2015	**5,292**	**1,778**	**(269)**	**1**	**26**	**-**	**(3)**	**(207)**	**6,618**	**457**	**7,075**

(*) The balance at December 31, 2013 has been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

NOTES TO THE CONDENSED CONSOLIDATED SEMIANNUAL FINANCIAL STATEMENTS AT JUNE 30, 2015

ACCOUNTING PRINCIPLES AND CONSOLIDATION CRITERIA

Content and Presentation

The Edison Group's Condensed Consolidated Semiannual Financial Statements at June 30, 2015 was prepared in accordance with Article 154-ter of Legislative Decree No. 58 of February 24, 1998, as amended, and the interim financial disclosures it provides are consistent with the provisions of IAS 34 - Interim Financial Reporting. The abovementioned report is consistent with the requirements of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as published in the Official Journal of the European Union (O.J.E.U.).

Methods applied to the Preparation of the Financial Statements

Please note that the international accounting principles are consistent with those used for the Consolidated Financial Statements at December 31, 2014, and a new interpretation **IFRIC 21 "Levies"** is applicable retrospectively starting in 2015. This new interpretation sets forth the criteria applicable to determine when liabilities for levies should be recognized in the financial statements. These liabilities can be recognized either gradually or in a lump sum upon the occurrence of the obligating event. At the moment this interpretation had no impact on the Group.

The Board of Directors, meeting on July 29, 2015, authorized the publication of the Condensed Consolidated Semiannual Financial Statements at June 30, 2015, which were the subject of a limited audit by Deloitte & Touche Spa in accordance with an assignment awarded by Shareholders' Meeting of April 26, 2011 for a period of nine years (2011-2019), pursuant to the Legislative Decree No. 39 of January 27, 2010.

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

Use of Estimated Values

The preparation of Edison Group's Condensed Consolidated Semiannual Financial Statements at June 30, 2015 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. The estimates and assumptions used are revised on an ongoing basis, and the impact of any such revision is immediately recognized in the income statement. Generally the use of estimates is particularly significant for amortization and depreciation, valuation of derivatives, provision for risks and allowance for doubtful accounts, advances paid under long-term natural gas supply contracts (take-or-pay) as well as the impairment test.

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 section of the 2014 Consolidated Financial Statements entitled "Use of Estimated Values".

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 some companies even though it does not hold a majority equity stake; more specifically, Hydros (owned at 40%) and Dolomiti Edison Energy (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 2014 Consolidated Financial Statements.

Changes in the Scope of Consolidation Compared with December 31, 2014

In April, as part of its **Hydrocarbons Operations**, the Group purchased, through a newly created company (ST North Sea Ltd now Edison North Sea Ltd), a group of assets that do not meet the definition of a "business" under IFRS 3, not representing a set of integrated activities that can be managed to produce returns (i.e. dividends) or other benefits directly attributable to the investor. The price paid in the transaction, about 41 million euros, subject to adjustment, was allocated to the individual identifiable assets and liabilities based on their current fair values at the acquisition date. Thus, this transaction did not generate goodwill. The balance sheet's values, at the acquisition date, are reported in the table below:

(in millions of euros)	*Note*	
ASSETS		
Property, plant and equipment (decommissioning)	*13*	151
Hydrocarbon concessions	*16*	39
Total non-current assets		**190**
Total current assets		**11**
Total assets (a)		**201**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Provisions for decommissioning and remediation of industrial sites	*26*	151
Total non-current liabilities		**151**
Total current liabilities		**9**
Total liabilities (b)		**160**
Net assets (a-b)		**41**
Price paid		**41**

Comparability

Starting with the 2014 financial statements, the following reclassification were made with the aim of providing e better presentation of the economic and financial data:

- in income statement:
  - (i) recognition as part of sales revenues of gains from realized derivatives that are part of the industrial portfolios and of the financial trading margin, previously included in "Other revenues and income" and "Raw materials and services used";
  - (ii) recognition as part of EBIT of "Other income (expense), net";
- in the balance sheet: recognition of the fair value of physical contracts for energy commodities included in the trading portfolios, in Other receivables / Other liabilities and no longer reflected in Trade receivables / payables.

The comparative data for the first half 2014 were restated consistent with those for 2015.

The schedules that follow show the effects of these restatements on the income statement, balance sheet and cash flow statement.

Income Statement at first half 2014

(in millions of euros)	1st half 2014 Published	New exposure	1st half 2014 Restated
Sales revenues	6,092	19	6,111
Other revenues and income	276	(180)	96
Total net revenues	**6,368**	**(161)**	**6,207**
Raw materials and services used (-)	(5,834)	161	(5,673)
Labor costs (-)	(111)	-	(111)
EBITDA	**423**	**-**	**423**
Net change in fair value of commodity derivatives	157	-	157
Depreciation, amortization and writedowns (-)	(247)	-	(247)
Other income (expense), net	-	(9)	(9)
EBIT	**333**	**(9)**	**324**
Net financial income (expense)	(82)	-	(82)
Income from (Expense on) equity investments	7	-	7
Other income (expense), net	(9)	9	-
Profit (Loss) before taxes	**249**	**-**	**249**
Income taxes	(125)	-	(125)
Profit (Loss) from continuing operations	**124**	**-**	**124**
Profit (Loss) from discontinued operations	-	-	-
Profit (Loss)	**124**	**-**	**124**
Broken down as follows:			
Minority interest in profit (loss)	8	-	8
Group interest in profit (loss)	**116**	**-**	**116**
Earnings (Loss) per share (in euros)			
Basic earnings (loss) per common share	0.0213		0.0213
Basic earnings per savings share	0.0513		0.0513
Diluted earnings (loss) per common share	0.0213		0.0213
Diluted earnings per savings share	0.0513		0.0513

Balance Sheet at June 30, 2014

	06.30.2014		
(in millions of euros)	**Published**	**New exposure**	**Restated**
ASSETS			
Property, plant and equipment	4,251	-	4,251
Investment property	6	-	6
Goodwill	3,231	-	3,231
Hydrocarbon concessions	821	-	821
Other intangible assets	120	-	120
Investments in associates	144	-	144
Available-for-sale investments	180	-	180
Other financial assets	100	-	100
Deferred-tax assets	233	-	233
Other assets	176	-	176
Total non-current assets	**9,262**	**-**	**9,262**
Inventories	493	-	493
Trade receivables	3,078	(555)	2,523
Current-tax assets	22	-	22
Other receivables	1,025	555	1,580
Current financial assets	87	-	87
Cash and cash equivalents	648	-	648
Total current assets	**5,353**	**-**	**5,353**
Assets held for sale	**-**	**-**	**-**
Total assets	**14,615**	**-**	**14,615**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	5,292	-	5,292
Reserves and retained earnings (loss carryforward)	1,787	-	1,787
Reserve for other components of comprehensive income	120	-	120
Group interest in profit (loss)	116	-	116
Total shareholders' equity attributable to Parent Company shareholders	**7,315**	**-**	**7,315**
Shareholders' equity attributable to minority shareholders	115	-	115
Total shareholders' equity	**7,430**	**-**	**7,430**
Provision for employee severance indemnities and provisions for pensions	35	-	35
Provision for deferred taxes	113	-	113
Provisions for risks and charges	912	-	912
Bonds	598	-	598
Long-term financial debt and other financial liabilities	1,010	-	1,010
Other liabilities	6	-	6
Total non-current liabilities	**2,674**	**-**	**2,674**
Bonds	1,291	-	1,291
Short-term financial debt	187	-	187
Trade payables	2,314	(450)	1,864
Current taxes payable	12	-	12
Other liabilities	707	450	1,157
Total current liabilities	**4,511**	**-**	**4,511**
Liabilities held for sale	**-**	**-**	**-**
Total liabilities and shareholders' equity	**14,615**	**-**	**14,615**

Cash Flow Statement in the first half 2014

	(in millions of euros)	1st half 2014 Published	New exposure	1st half 2014 Restated
	Profit (Loss) before taxes	**249**	**-**	**249**
	Depreciation, amortization and writedowns	247	-	247
	Net additions to provisions for risks	(4)	-	(4)
	Interest in the result of companies valued by the equity method (-)	(3)	-	(3)
	Dividends received from companies valued by the equity method	3	-	3
	(Gains) Losses on the sale of non-current assets	(5)	-	(5)
	Change in the provision for employee severance indemnities and provisions for pensions	-	-	-
	Change in fair value recorded in EBIT	(185)	-	(185)
	Change in operating working capital	150	69	219
	Change in non-operating working capital	-	(69)	(69)
	Change in other operating assets and liabilities	26	2	28
	Net financial (income) expense	73	9	82
	Net financial expense paid	(66)	(11)	(77)
	Net income taxes paid	(124)	-	(124)
A.	**Cash flow from continuing operations**	**361**	**-**	**361**
	Additions to intangibles and property, plant and equipment (-)	(142)	-	(142)
	Additions to non-current financial assets (-)	-	-	-
	Net price paid on business combinations	-	-	-
	Proceeds from the sale of intangibles and property, plant and equipment	31	-	31
	Proceeds from the sale of non-current financial assets	-	-	-
	Repayment of capital contribution by non-current financial assets	3	-	3
	Change in other current financial assets	(10)	-	(10)
B.	**Cash used in investing activities from continuing operations**	**(118)**	**-**	**(118)**
	Receipt of new medium-term and long-term loans	-	-	-
	Redemption of medium-term and long-term loans (-)	(13)	-	(13)
	Other net change in financial debt	(11)	-	(11)
	Capital contributions and reserves (-)	-	-	-
	Dividends paid to controlling companies or minority shareholders (-)	(63)	-	(63)
C.	**Cash used in financing activities from continuing operations**	**(87)**	**-**	**(87)**
D.	**Net currency translation differences**	**-**	**-**	**-**
E.	**Net cash flow for the period from continuing operations**	**156**	**-**	**156**
F.	**Net cash flow for the period from discontinued operations**	**-**	**-**	**-**
G.	**Net cash flow for the period (continuing and discontinued operations) (E+F)**	**156**	**-**	**156**
H.	**Cash and cash equivalents at the beginning of the year from continuing operations**	**492**	**-**	**492**
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)**	**648**	**-**	**648**
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)**	**648**	**-**	**648**

SEGMENT INFORMATION

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

INCOME STATEMENT	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Adjustments*		*EDISON GROUP*	
(in millions of euros)	***1st half 2015***	*1st half 2014 (*)*	***1st half 2015***	*1st half 2014 (*)*	***1st half 2015***	*1st half 2014 (*)*	***1st half 2015***	*1st half 2014 (*)*	***1st half 2015***	*1st half 2014 (*)*
Sales Revenues	**3.284**	**3.869**	**2.717**	**2.585**	**24**	**23**	**(406)**	**(366)**	**5.619**	**6.111**
- third parties sales revenues	3.278	3.862	2.339	2.247	2	2	-	-	5.619	6.111
- Intra-Group sales revenues	6	7	378	338	22	21	(406)	(366)	-	-
EBITDA	**203**	**356**	**47**	**126**	**(46)**	**(59)**	**-**	**-**	**204**	**423**
as a % of sales revenues	*6,2%*	*9,2%*	*1,7%*	*4,9%*	*n.m.*	*n.m.*			*3,6%*	*6,9%*
Net change in Fair Value of Commodity derivatives	6	1	(54)	156	-	-	-	-	(48)	157
Depreciation, amortization and writedowns	(115)	(117)	(181)	(125)	(4)	(5)	-	-	(300)	(247)
Othet income (expense),net	-	-	-	-	(11)	(9)	-	-	(11)	(9)
EBIT	**94**	**240**	**(188)**	**157**	**(61)**	**(73)**	**-**	**-**	**(155)**	**324**
as a % of sales revenues	*2,9%*	*6,2%*	*(6,9%)*	*6,1%*	*n.m.*	*n.m.*			*(2,8%)*	*5,3%*
Net financial income (expense)									**6**	**(82)**
Interest in result of companies valued by equity method									**(5)**	**3**
Income taxes									**(40)**	**(125)**
Profit (Loss) from continuing operations									**(192)**	**124**
Profit (Loss) from discontinued operations									**-**	**-**
Minority interest in profit (loss)									**15**	**8**
Group interest in profit (loss)									**(207)**	**116**

BALANCE SHEET	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Adjustments*		*EDISON GROUP*	
(in millions of euros)	***06.30.2015***	*12.31.2014*	***06.30.2015***	*12.31.2014*	***06.30.2015***	*12.31.2014*	***06.30.2015***	*12.31.2014*	***06.30.2015***	*12.31.2014*
Total assets	**7.499**	**8.067**	**6.077**	**6.347**	**3.869**	**4.354**	**(3.738)**	**(3.834)**	**13.707**	**14.934**
Total liabilities	**1.996**	**2.889**	**4.190**	**4.497**	**3.007**	**3.025**	**(2.561)**	**(2.614)**	**6.632**	**7.797**
Net Financial Debt									**1.679**	**1.766**

OTHER INFORMATION	*Electric Power Operations*		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Adjustments*		*EDISON GROUP*	
(in millions of euros)	***1st half 2015***	*1st half 2014*	***1st half 2015***	*1st half 2014*	***1st half 2015***	*1st half 2014*	***1st half 2015***	*1st half 2014*	***1st half 2015***	*1st half 2014*
Capital expenditures	12	14	126	86	1	-	-	-	**139**	**100**
Investments in exploration	-	-	69	30	-	-	-	-	**69**	**30**
Investments in intangibles	-	2	49	9	-	1	-	-	**49**	**12**
Total capital investments	**12**	**16**	**244**	**125**	**1**	**1**	**-**	**-**	**257**	**142**

	Electric Power Operations		*Hydrocarbons Operations*		*Corporate Activities and Other Segments*		*Adjustments*		*EDISON GROUP*	
	06.30.2015	*12.31.2014*	***06.30.2015***	*12.31.2014*	***06.30.2015***	*12.31.2014*	***06.30.2015***	*12.31.2014*	***06.30.2015***	*12.31.2014*
Number of employees	**1.037**	***1.051***	**1.415**	**1.419**	**634**	**631**	**-**	**-**	**3.086**	**3.101**

(*) The amounts have been restated as a result of the new exposure of derivatives and nonrecurring expense.

Thus far, the Group has not viewed **geographic area** segment information as meaningful. In recent years the foreign operations have gained steadily in importance: net non-current assets held totaled 1,452 million euros and are referred to the Hydrocarbons Operations, the largest component of which was located in Egypt. At June 30, 2015, the contribution of foreign operations accounted for about 17% of net invested capital.

The important contribution of the Exploration & Production business is shown in the table below.

(in millions of euros)	**1st half 2015**	1st half 2014	Change	% change
Sales revenues	**268**	**349**	(81)	(23.2%)
EBITDA	**145**	**216**	(71)	(32.9%)
as % of sales revenues	*54.1%*	*61.9%*		
EBIT	**(25)**	**101**	(126)	n.m.
as % of sales revenues	*(9.3%)*	*28.9%*		

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 600 million euros in the period, equal to about 18% of the total sales revenues of the Electric Power Operations and about 11% of the total sales revenues of the Group.

NOTES TO THE INCOME STATEMENT

In the first half of 2015 the national demand for electricity is substantially in line compared with the first half of 2014. The lower availability of water resources in the period, compared with the first half of 2014, resulted in a sharp reduction of the hydroelectric generation that was offset by an increase in the output from thermoelectric and renewable sources. The increase of Italian consumption of natural gas is significant (+7.9%), particularly for thermoelectric and residential uses, owing in part to colder weather conditions.

In this scenario Group **EBITDA** were positive by 204 million euros (423 million euros in the first half of 2014), more specifically:

- The adjusted EBITDA[1] of the **Electric Power Operations**, amounting to 208 million euros compared with 364 million euros in the same period last year (-43%), were penalized by prices scenario and by lower hydroelectric generation due to a reduced availability of water resources during the period compared with the extraordinary levels recorded in the first half 2014.
- The adjusted EBITDA[1] of the **Hydrocarbons Operations** totaled 42 million euros, compared with 118 million euros in the first half of 2014 (-64%); this performance is mainly related to the activities engaged in buying and selling natural gas; while the contribution of the Exploration & Production operations, which was still significant, was negatively affected by a sharp price contraction in the crude oil market.

The **Group's interest in the net result** was negative by 207 million euros (positive by 116 million euros in the first half of 2014).

In addition to the effects of the industrial margins mentioned above, the main factors affecting the result for the period included:

- the net changes in the fair value of derivatives, negative for 48 million euros, against a positive change of 157 million euros in the first half of 2014;
- depreciation and amortization of 300 million euros (247 million euros in 2014);
- net financial income of 6 million euros, boosted by a net foreign exchange gain of 46 million euros;
- the derecognition of net deferred tax assets with a negative one-off effect of 68 million euros and lower current taxes for about 11 million euros as a result of the decision of the Constitutional Court, published on February 11, 2015, which found that the so-called Robin Hood Tax was unconstitutional.

[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 (+5 million euros in 2015, +8 million euros in 2014). This reclassification is being made to provide an operational presentation of the industrial results. The Adjusted EBITDA amount was not audited.

1. Sales Revenues - 5,619 millions of euros

(in millions of euros)	1st half 2015	1st half 2014 (*)	Change	% change
Electric power	2,446	2,907	(461)	(15.9%)
Natural gas	2,039	1,832	207	11.3%
Steam	34	41	(7)	(17.1%)
Oil	97	132	(35)	(26.5%)
Green certificates	108	97	11	11.3%
Other sales revenues	9	28	(19)	(67.9%)
Sub-total	**4,733**	**5,037**	**(304)**	**(6.0%)**
Transmission revenues	714	803	(89)	(11.1%)
Realized commodity derivatives	93	180	(87)	(48.3%)
Margin on trading activities	4	29	(25)	(86.2%)
Storage services	45	43	2	4.7%
Revenues from services provided	4	5	(1)	(20.0%)
Other revenues from sundry services	26	14	12	85.7%
Total for the Group	**5,619**	**6,111**	**(492)**	**(8.1%)**

(*) The amounts have been restated as a result of the new exposure of derivatives.

Breakdown by Business Segment

(in millions of euros)	1st half 2015	1st half 2014 (*)	Change	% change
Electric Power Operations	3,284	3,869	(585)	(15.1%)
Hydrocarbons Operations	2,717	2,585	132	5.1%
Corporate Activities and Other Segments	24	23	1	4.3%
Eliminations	(406)	(366)	(40)	(10.9%)
Total for the Group	**5,619**	**6,111**	**(492)**	**(8.1%)**

(*) The amounts have been restated as a result of the new exposure of derivatives.

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

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

The sales revenues of the **Hydrocarbons Operations,** which were up by 5.1% compared with the first half of 2014, reflect an increase in sales volumes to residential users, thanks in part to colder weather conditions, and to thermoelectric user that offset the reduction of sales prices.

The income from **Realized commodity derivatives**, 93 million euros, which should be analyzed together with the corresponding cost item included in **Raw materials and services used** (14 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 in the Edison Group facilities portfolios and gas earmarked for direct sales. This result is attributable to movements in commodity markets and foreign exchanges during the reporting period, during which oil market prices showed a significant decrease, with the EUR/USD exchange rate also trending downwards.

Margin on Trading Activities

(in millions of euros)	1st half 2015	1st half 2014	Change	% change
Margin on physical contracts included in trading portfolios				
Sales revenues	1,311	3,446	(2,135)	(62.0%)
Raw materials and services used	(1,317)	(3,256)	1,939	(59.6%)
Total included in sales revenues	**(6)**	**190**	**(196)**	**n.m.**
Margin on financial contracts included in trading portfolios				
Sales revenues	(1)	19	(20)	n.m.
Raw materials and services used	11	(180)	191	n.m.
Total included in sales revenues	**10**	**(161)**	**171**	**n.m.**
Total margin on trading activities	**4**	**29**	**(25)**	**(86.2%)**

2. Other Revenues and Income - 70 millions of euros

(in millions of euros)	1st half 2015	1st half 2014 (*)	Change	% change
Recovery of costs from partners in hydrocarbon exploration projects	15	17	(2)	(11,8%)
Net reversals in earnings of provisions for risks on receivables and other risks	1	6	(5)	(83,3%)
Out of period and sundry items	54	73	(19)	(26,0%)
Total for the Group	**70**	**96**	**(26)**	**(27,1%)**

(*) The amounts have been restated as a result of the new exposure of derivatives.

The decrease of the item **Out of period and sundry items** is mainly related to lower recovery costs and lower gains from sales of property.

3. Raw Materials and Services Used - 5,372 millions of euros

(in millions of euros)	1st half 2015	1st half 2014 (*)	Change	% change
Natural gas	2,026	1,855	171	9.2%
Electric power	1,648	1,960	(312)	(15.9%)
Blast-furnace, recycled and coke-oven gas	-	8	(8)	n.m.
Green certificates	-	15	(15)	n.m.
CO2 emissions rights	15	13	2	15.4%
Utilities and other materials	36	43	(7)	(16.3%)
Sub-total	**3,725**	**3,894**	**(169)**	**(4.3%)**
Transmission of electric power and natural gas	1,074	1,149	(75)	(6.5%)
Maintenance	79	67	12	17.9%
Regasification fee	60	53	7	13.2%
Professional services	58	65	(7)	(10.8%)
Writedowns of trade and other receivables	44	88	(44)	(50.0%)
Realized commodity derivatives	14	96	(82)	(85.4%)
Additions to provisions for miscellaneous risks	11	7	4	57.1%
Change in inventories	131	53	78	n.m.
Use of property not owned	55	57	(2)	(3.5%)
Sundry items	121	144	(23)	(16.0%)
Total for the Group	**5,372**	**5,673**	**(301)**	**(5.3%)**

(*) The amounts have been restated as a result of the new exposure of derivatives.

Breakdown by Business Segment

(in millions of euros)	1st half 2015	1st half 2014 (*)	Change	% change
Electric Power Operations	3,065	3,513	(448)	(12.8%)
Hydrocarbons Operations	2,672	2,472	200	8.1%
Corporate Activities and Other Segments	47	60	(13)	(21.7%)
Eliminations	(412)	(372)	(40)	(10.8%)
Total for the Group	**5,372**	**5,673**	**(301)**	**(5.3%)**

(*) The amounts have been restated as a result of the new exposure of derivatives.

The decrease in purchase costs for **Electric power** (312 million euros) compared with the first half of 2014 is mainly due to a decrease in volumes purchased on the electric power market and from wholesalers.

The **Regasification fee** (60 million euros) reflects the charges paid to Terminale GNL Adriatico Srl for regasification services.

Writedowns of trade and other receivables (44 million euros) includes additions to allowances for doubtful accounts and losses on uncollectible accounts, net of specific utilizations. The changes in Allowance for doubtful accounts are shown in Note 22.

4. Labor Costs - 113 millions of euros

It is aligned with the same period last year.

5. EBITDA - 204 millions of euros

(in millions of euros)	1st half 2015	as a % of sales revenues	1st half 2014	as a % of sales revenues
Reported EBITDA				
Electric Power Operations	203	6.2%	356	9.2%
Hydrocarbons Operations	47	1.7%	126	4.9%
Corporate Activities and Other Segments	(46)	n.m.	(59)	n.m.
Total for the Group	**204**	**3.6%**	**423**	**6.9%**
Adjusted EBITDA				
Electric Power Operations	208	6.3%	364	9.4%
Hydrocarbons Operations	42	1.5%	118	4.6%
Corporate Activities and Other Segments	(46)	n.m.	(59)	n.m.
Total for the Group	**204**	**3.6%**	**423**	**6.9%**

The adjusted EBITDA reclassifies to the Electric Power Operations 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,** totaling 208 million euros, is in decrease by 43% compared with the same period the previous year (364 million euros), related to the scenario effect and to a reduction in hydroelectric production, which in 2014 was boosted by an extraordinary abundance of water resources; renewable-source facilities also provided a positive contribution;
- the adjusted EBITDA of the **Hydrocarbons Operations,** 42 million euros (118 million euros in first half 2014), reflect on the one hand the performance of the activities engaged in buying and selling natural gas, which, pending the completion of a second round of renegotiations, continue to experience negative average unit sales margins, and on the other hand the impact of a reduced contribution by the Exploration & Production activities which, although affected by the first positive effects from the sales price review negotiated in Egypt, are penalized by the slump in oil market prices.

6. Net Change in Fair Value of Commodity Derivatives - (48) millions of euros

(in millions of euros)	1st half 2015	1st half 2014	Change	% change
Change in fair value in hedging the price risk on energy products:	**(63)**	**158**	**(221)**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	(13)	4	(17)	n.m.
- not definable as hedges pursuant to IAS 39	(50)	154	(204)	n.m.
Change in fair value in hedging the foreign exchange risk on commodities:	**15**	**(1)**	**16**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	3	(6)	9	n.m.
- not definable as hedges pursuant to IAS 39	12	5	7	n.m.
Total for the Group	**(48)**	**157**	**(205)**	**n.m.**

(*) Referred to the ineffective portion.

This line item reflects the change in fair value for the period of commodity and foreign exchange derivatives executed as economic hedges of the Industrial Portfolio. This amount sharply decreased, compared with the previous reporting period, when the fair value was positive by a substantial amount: the net change for the period mainly reflects the partial reversal of the positive fair value of December 2014 as a consequence of the commodities' delivery and the realization of related derivatives.

7. Depreciation, Amortization and Writedowns - 300 millions of euros

(in millions of euros)	1st half 2015	1st half 2014	Change	% change
Depreciation and amortization of:	**289**	**246**	**43**	**17.5%**
- property, plant and equipment	182	170	12	7.1%
- hydrocarbon concessions	30	39	(9)	(23.1%)
- other intangible assets (*)	77	37	40	n.m.
Writedowns of:	**11**	**1**	**10**	**n.m.**
- property, plant and equipment	11	1	10	n.m.
Total for the Group	**300**	**247**	**53**	**21.5%**

(*) Included the exploration costs (69 million euros in 2015, 30 million euros in 2014).

Breakdown by Business Segment

(in millions of euros)	1st half 2015	1st half 2014	Change	% change
Electric Power Operations:	**115**	**117**	**(2)**	**(1.7%)**
- depreciation and amortization	115	117	(2)	(1.7%)
Hydrocarbons Operations:	**181**	**125**	**56**	**44.8%**
- depreciation and amortization (*)	170	125	45	36.0%
- writedowns of property, plant and equipment	11	-	11	n.m.
Corporate Activities and Other Segments:	**4**	**5**	**(1)**	**(20.0%)**
- depreciation and amortization	4	4	-	-
- writedowns of property, plant and equipment	-	1	(1)	n.m.
Total for the Group	**300**	**247**	**53**	**21.5%**

(*) Included the exploration costs (69 million euros in 2015, 30 million euros in 2014).

Please refer to Note 17 for information about writedowns.

8. Other Income (Expense), Net - (11) millions of euros

Net other expense reflects nonrecurring items that are not directly related to the Group's industrial operations. They mainly includes costs referred to legal disputes.

9. Net Financial Income (Expense) - 6 millions of euros

(in millions of euros)	1st half 2015	1st half 2014	Change
Financial income			
Financial income from financial derivatives	14	35	(21)
Interest earned on trade receivables	5	8	(3)
Other financial income	9	6	3
Total financial income	**28**	**49**	**(21)**
Financial expense			
Interest accrued on bond issues	(16)	(35)	19
Fair Value Hedge adjustment on bonds	7	-	7
Financial expense from financial derivatives	(13)	(24)	11
Interest accrued to banks	(2)	(2)	-
Fees	(9)	(21)	12
Financial expense on decommissioning projects and provisions for risks	(13)	(12)	(1)
Financial expense in connection with employee severance benefits	-	(1)	1
Interest accrued to other lenders	(18)	(19)	1
Other financial expense	(4)	(8)	4
Total financial expense	**(68)**	**(122)**	**54**
Net foreign exchange translation gains (losses)	**46**	**(9)**	**55**
Net financial income (expense) for the Group	**6**	**(82)**	**88**

The improvement compared with the previous year is mainly the result of an increase in foreign exchange gains resulting from the trend in the EUR/USD exchange rate, which produced positive results from the derivatives executed to hedge the foreign exchange risk associated with payment of invoices for fuel procurement activities and from current accounts in foreign currency. Another important contributing factors was the reduction in financial expense due to a reduced debt level and the lower cost resulting from a different mix of financial resources.

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

(in millions of euros)	1st half 2015	1st half 2014	Change
Income from Equity Investments			
Dividends	2	3	(1)
Revaluations of trading securities	-	1	(1)
Valuations of investments by the equity method	6	5	1
Total income from equity investments	**8**	**9**	**(1)**
Expenses on equity investments			
Writedowns and valuations of investments by the equity method	(11)	(2)	(9)
Total expenses on equity investments	**(11)**	**(2)**	**(9)**
Total Group income from (expenses on) equity investments	**(3)**	**7**	**(10)**

11. Income Taxes - 40 millions of euros

(in millions of euros)	1st half 2015	1st half 2014	Change
Current taxes	34	131	(97)
Net deferred-tax liabilities (assets)	17	(8)	25
Income taxes attributable to previous years	(11)	2	(13)
Total for the Group	**40**	**125**	**(85)**

A significant development in the first half of 2015 was the repeal of the Robin Hood tax, an IRES surcharge levied on companies in the oil and energy sector, at a rate of 6.5% in 2014, pursuant to Decree Law No. 112/2008, converted into Law No. 133/2008, as amended. By a decision handed down on February 11, 2015 and published in the Official Gazette of the Italian Republic the same day, the Constitutional Court ruled that the abovementioned IRES surcharge was unconstitutional, effective as of the day after the publication of its decision. Consequently, the deferred tax assets and the provision for deferred taxes recognized for this corporate income tax surcharge were derecognized, with a negative one-off effect of 68 million euros. Instead, the current taxes of the period benefit from the reduction in the tax rate.

12. Earnings (Loss) per Share

	1st half 2015		1st half 2014	
(in millions of euros)	Common shares	Savings shares (1)	Common shares	Savings shares (1)
Group interest in profit (loss)	(207)	(207)	116	116
Profit (Loss) attributable to the different classes of shares	(210)	3	110	6
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)	(0.0406)	0.0250	0.0213	0.0513
- diluted (A/C) (2)	(0.0406)	0.0250	0.0213	0.0513

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

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

NOTES TO THE BALANCE SHEET

Assets

13. Property, Plant and Equipment - 4,455 millions of 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 12.31.2014 (A)	**428**	**3,467**	**84**	**4**	**3**	**6**	**356**	**4,348**
Changes in the first half 2015:								
- Additions	-	11	-	-	-	-	128	139
- Depreciation (-)	(7)	(165)	(9)	-	-	(1)	-	(182)
- Writedowns (-)	-	(11)	-	-	-	-	-	(11)
- Decommissioning	-	151	-	-	-	-	-	151
- Other changes	-	45	2	-	-	1	(38)	10
Total changes (B)	**(7)**	**31**	**(7)**	**-**	**-**	**-**	**90**	**107**
Balance at 06.30.2015 (A+B)	**421**	**3,498**	**77**	**4**	**3**	**6**	**446**	**4,455**

(*) Referred to 39 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 of euros) and in "Short-term financial debt" (less than 1 million of euros).

The **additions** for the period (139 million euros) are reviewed below:

(in millions of euros)	1st half 2015	1st half 2014
Electric Power Operations	**12**	**14**
broken down as follows:		
- Thermoelectric area	*7*	*6*
- Hydroelectric area	*3*	*5*
- Renewable sources area	*2*	*3*
Hydrocarbons Operations	**126**	**86**
broken down as follows:		
- Hydrocarbon fields in Italy	*37*	*50*
- Hydrocarbon fields outside Italy	*87*	*22*
- Transmission and storage infrastructures	*2*	*14*
Corporate Activities and Other Segments	**1**	**-**
Total for the Group	**139**	**100**

Additions by the **Hydrocarbons Operations** mainly focused on international development projects in the Exploration & Production area, carried out in Egypt, Algeria and Norway, and on the development of the Vega and Clara fields in Italy.

A more detailed analysis of **depreciation** is provided in the Note 7 “Depreciation, amortization and writedowns”.

The increase shown for **decommissioning** (151 million euros) reflects the recognition of new items due to the acquisition of a group of exploration and production assets in Great Britain; this amount is aligned with the one reflected in the corresponding provision for risks (please refer to the paragraph “Change in the Scope of Consolidation Compared with December 31, 2014”).

The borrowing costs capitalized as part of property, plant and equipment, consistent with the requirements of IAS 23 Revised were not material.

Please note that assets valued at 37 million euros are encumbered as collateral for loans provided by financial institutions.

14. Investment Property - 6 millions of 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, 2014.

15. Goodwill - 3,070 millions of euros

(in millions of euros)	06.30.2015	12.31.2014
Electric Power Operations	2,367	2,367
Hydrocarbons Operations	703	703
Total for the Group	**3,070**	**3,070**

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 (Note 17).

16. Hydrocarbon Concessions - 748 millions of euros

The amount shown for concessions for the production of hydrocarbons (739 million euros at December 31, 2014) is the result of an increase of about 39 million euros for the acquisition of a group of assets in Great Britain (please refer to the paragraph “Change in the Scope of Consolidation Compared with December 31, 2014”) and a decreased of 30 million euros for the amortization for the period.

The Group holds 117 mineral rights in Italy and abroad (including 3 storage concessions).

17. Other Intangible Assets - 120 millions of euros

(in millions of euros)	Concessions, licenses, patents and similar rights (*)	CO_2 emissions rights	Exploration costs	Other intangible assets	Work in progress and advances	Total
Balance at 12.31.2014 (A)	**100**	**-**	**-**	**15**	**3**	**118**
Changes in the first half 2015:						
- Additions	3	-	69	-	7	79
- Amortization (-)	(7)	-	(69)	(1)	-	(77)
- Other changes	-	1	-	-	(1)	-
Total changes (B)	**(4)**	**1**	**-**	**(1)**	**6**	**2**
Balance at 06.30.2015 (A+B)	**96**	**1**	**-**	**14**	**9**	**120**

(*) 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 69 million euros compared with 30 million euros in 2014.

Impairment Test of Assets in Accordance with IAS 36

In the first half of 2015, as required by IAS 36, the Group performed updated impairment tests of the individual Cash Generating Units (CGUs), whenever specific impairment indicators affecting recoverable values were detected.

Specifically with regard to the goodwill, waiting for the Group to draw up a new industrial plan, the short-term economic and scenario variables were analyzed and did not show, also with regard to the 2015 budget, specific triggers pointing to perform an impairment test at June 30, 2015.

Also for the assets there were not specific triggers, nevertheless, given the persistence of a penalizing scenario, in particular for the Brent's performances, were carried out specific sensitivity analysis, consistent with the practice used at the end of 2014. These sensitivity analysis led to an 11-million-euro writedown for an Exploration & Production CGU located abroad.

18. Investments in Associates and Available-for-sale Investments - 318 millions of euros

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12.31.2014 (A)	**149**	**174**	**323**
Changes in the first half 2015:			
- Changes in shareholders' equity reserves	-	(2)	(2)
- Changes in share capital	6	-	6
- Valuations at equity	(5)	-	(5)
- Valuations at fair value	-	1	1
- Dividend (-)	(5)	-	(5)
Total changes (B)	**(4)**	**(1)**	**(5)**
Balance at 06.30.2015 (A+B)	**145**	**173**	**318**

The total includes 145 million euros in investments in associates and unconsolidated subsidiaries, joint ventures and affiliated companies and 173 million euros in available-for-sale investments. The latter amount includes investments in Terminale GNL Adriatico Srl (163 million euros) and in RCS Mediagroup Spa (5 million euros).

Changes in shareholders' equity reserves, negative by 2 million euros, refers to the distribution of the reserves for advances on capital contributions by Terminale GNL Adriatico Srl. The **Valuations at fair value**, positive by 1 million euros refer to RCS Mediagroup Spa and are recognized in the **Reserve for available-for-sale investments**.

This item includes the equity stakes held in businesses that operate in Greece, with regard to which a negative value adjustment of about 10 million euros was recognized in the first half of 2015. Moreover, the Group is exposed financially towards companies located in Greece, as explained in Note 22 below. While being mindful of the continuously evolving current financial and political situation, management believes that the adoption of additional measures would have been premature, also for the high variability of the scenarios, waiting instead for a clearer indication of future developments and maintaining a strict and close control of the variables of economic environment, financial and regulatory.

19. Other Financial Assets - 74 millions of euros

(in millions of euros)	06.30.2015	12.31.2014	Change
Escrow bank deposits	56	16	40
Sundry items	18	31	(13)
Total other financial assets	**74**	**47**	**27**

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

20. Deferred-tax Assets - 398 millions of euros

(in millions of euros)	06.30.2015	12.31.2014	Change
Deferred-tax assets:			
Tax loss carryforward	86	71	15
Taxed provisions for risks	91	83	8
Adoption of IAS 39 to value financial instruments with impact:			
- on shareholders' equity	128	215	(87)
Valuation differences of property, plant and equipment and intangibles	93	132	(39)
Deferred-tax assets	**398**	**501**	**(103)**

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. The decrease compared with December 31, 2014 in deferred-tax assets reflects, inter alia, the repeal of the 6.5%

IRES surcharge, also known as the Robin Hood Tax. For more details, see the information provided in Note 11 "Income Taxes", earlier in this Report.

21. Other Assets - 299 millions of euros

(in millions of euros)	06.30.2015	12.31.2014	Change
Advances for natural gas contracts in take-or-pay (*)	267	144	123
Tax refunds receivable	9	9	-
Security deposits / others	23	18	5
Total Other assets	**299**	**171**	**128**

(*) Related to gas volumes that the Edison Spa was unable to take delivery of but was required to pay for, due to take-or-pay contract clauses.

22. Current Assets - 4,219 millions of euros

(in millions of euros)	06.30.2015	12.31.2014	Change
Inventories	293	479	(186)
Trade receivables	2,032	2,848	(816)
Current-tax assets	52	45	7
Other receivables	1,491	1,634	(143)
Current financial assets	130	132	(2)
Cash and cash equivalents	221	473	(252)
Total current assets	**4,219**	**5,611**	**(1,392)**

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

(in millions of euros)	Engineering consumables	Stored natural gas	Fuels	Green certificates	CO_2 emission rights	Other	Total at 06.30.2015	Total at 12.31.2014	Change
Electric Power Operations	9	-	-	67	2	24	102	157	(55)
Hydrocarbons Operations	36	141	14	-	-	-	191	322	(131)
Total for the Group	**45**	**141**	**14**	**67**	**2**	**24**	**293**	**479**	**(186)**

The net decrease for the period refers mainly to inventory reduction of stored natural gas. Inventories of Green certificates and CO_2 emission rights are related to the trading activity. This item include 59 million euros of stored natural gas the use of which is restricted either as a strategic reserve or to secure performance under the balancing system.

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

(in millions of euros)	06.30.2015	12.31.2014	Change
Electric Power Operations	1,331	1,916	(585)
Hydrocarbons Operations	713	946	(233)
Corporate Activities and Other Segments and Eliminations	(12)	(14)	2
Total trade receivables	**2,032**	**2,848**	**(816)**
Of which Allowance for doubtful Accounts	**(360)**	**(365)**	**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)	12.31.2014	Additions	Utilizations	06.30.2015
Allowance for doubtful accounts (*)	**(365)**	(43)	48	**(360)**

(*) 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 the receivables, taking into account each customer segment, the corresponding past-due receivables and the aging; utilizations were recognized for receivables deemed uncollectible during the period.

It is worth mentioning that the Group executes on a regular basis transactions involving the irrevocable assignment of receivables without recourse; for additional details please consult the disclosure in the section entitled "Group Financial Risk Management".

- **Current-tax assets** of 52 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)	**06.30.2015**	12.31.2014	Change
Fair Value on industrial portfolio derivatives and trading activities	886	1,120	(234)
Amounts owed by partners and associates in hydrocarbon exploration projects	75	118	(43)
Advances to suppliers	8	13	(5)
Amounts owed by the controlling company in connection with the filing of the consolidated income tax return	195	174	21
VAT credit	77	14	63
Sundry items	250	195	55
Total other receivables	**1,491**	**1,634**	**(143)**

The decrease shown for **Fair Value on industrial portfolio derivatives and trading activities**, which should be analyzed in conjunction with the corresponding liability included in **Other liabilities** (which decreased from 1,523 million euros to 999 million euros). This result is mainly due to dynamic of EUR/USD exchange rate.

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

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

(in millions of euros)	**06.30.2015**	12.31.2014	Change
Loans receivable	83	85	(2)
Derivatives	45	45	-
Equity investments held for trading	2	2	-
Total current financial assets	**130**	**132**	**(2)**

Loans receivable mainly include a loan provided to Elpedison Power Sa maturing in September 2015. Thus far, principal and interest payments on this facility have been made on schedule, included the portion of June 30, 2015.

- **Cash and cash equivalents** of 221 million euros (473 million euros at December 31, 2014) consist of short-term deposits in bank and postal accounts and other short-term investments.

Liabilities and Shareholders' Equity

23. Shareholders' Equity Attributable to Parent Company Shareholders - 6,618 millions of euros - and Shareholders' Equity Attributable to Minority Shareholders - 457 millions of euros

The shareholders' equity attributable to Parent Company shareholders is 9 million euros less than at December 31, 2014 (6,627 million euros) mainly due to the combined effect of the net loss for the period (207 million euros) and the positive effect of changes in the Cash Flow Hedge reserves (189 million euros).

The shareholders' equity attributable to minority shareholders is 53 million euros less than at December 31, 2014 (510 million euros), mainly due to the distribution of dividends (66 million euros) and the net profit for the period, positive by 15 million euros.

A breakdown of the shareholders' equity attributable to Parent Company shareholders and to minority shareholders is provided in the schedule entitled "Changes in Consolidated Shareholders' Equity".

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	06.30.2015	12.31.2014
Shareholder's Equity Attributable to Parent Company Shareholders (in millions of euros)	6,618	6,627
Shareholder's Equity per share Attributable to Parent Company Shareholders (in euros)	1.251	1.252

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 and interest rates. 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, 2014	(673)	215	(458)
Changes in the period	276	(87)	189
Reserve at June 30, 2015	**(397)**	**128**	**(269)**

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

Reserve for available-for-sale investments (in millions of euros)	Gross reserve	Taxes	Net reserve
Reserve at December 31, 2014	-	-	-
Changes in the period	1	-	1
Reserve at June 30, 2015	**1**	**-**	**1**

24. Provision for Employee Severance Indemnities and Provisions for Pensions - 36 millions of euros

These provisions, which decreased by 1 million euros compared with December 31, 2014, reflect the accrued severance indemnities and other benefits owed to employees. 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.

25. Provision for Deferred Taxes - 45 millions of euros

(in millions of euros)	06.30.2015	12.31.2014	Change
Deferred-tax liabilities:			
Valuation differences of property, plant and equipment and intangibles	74	113	(39)
Adoption of IAS 39 to value financial instruments with impact:			
- on the income statement	4	10	(6)
Other deferred-tax liabilities	42	40	2
Total (A)	**120**	**163**	**(43)**
Deferred-tax assets usable for offset purposes:			
Taxed provisions for risks	9	45	(36)
Tax-loss carryforward	5	12	(7)
Valuation differences of property, plant and equipment and intangibles	36	39	(3)
Other deferred-tax assets	25	22	3
Total (B)	**75**	**118**	**(43)**
Total provision for deferred taxes (A-B)	**45**	**45**	**-**

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.

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

26. Provisions for Risks and Charges - 1,097 millions of euros

(in millions of euros)	12.31.2014	Additions	Utilizations	Other changes	06.30.2015
Risks for disputes, litigation and contracts	139	1	(10)	-	130
Charges for contractual guarantees on sale of equity investments	75	-	-	-	75
Environmental risks	69	3	(1)	-	71
Other risks and charges	10	-	-	-	10
Disputed tax items	55	4	(5)	(1)	53
Total for legal and tax disputes	**348**	**8**	**(16)**	**(1)**	**339**
Provisions for decommissioning and remediation of industrial site	521	12	(5)	159	687
Provision for CO2 emission rights	-	-	-	12	12
Other risks and charges	54	7	(2)	-	59
Total for the Group	**923**	**27**	**(23)**	**170**	**1,097**

The **Provisions for legal and tax disputes**, 339 million euros, decreased in the period mainly due to utilizations for risks related to non-core business activities (10 million euros).

More detailed information about the issues that resulted in the current composition of these provisions is provided in the paragraph of the 2014 Consolidated Financial Statements as entitled “Risks and Contingent Liabilities Related to Legal and Tax Disputes” and the corresponding updates provided later in these notes.

The **Provisions for decommissioning and remediation of industrial sites**, 687 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; the increase recorded in the period for 151 million euros reflects the recognizing of a provisions for decommissioning related to the acquisition of a group of assets in Great Britain in the Exploration & Production business (please refer to the paragraph “Change in the Scope of Consolidation Compared with December 31, 2014”).

Provision for other risk and charges of 59 million euros include 37 million euros for possible future charges related to the Electric Power Operations and 8 million euros for risk hedges of activities outside Italy.

27. Bonds - 599 millions of euros

The balance of 599 million euros (598 million euros at December 31, 2014), represents the non-current portion of an Edison Spa bond issue; the table below shows the total amount outstanding at June 30, 2015 and the term of the bond issue.

(in millions of euros)	Market where traded	Cur-rency	Par value outstand-ing	Coupon	Rate	Maturity	Carrying value			Fair value
							Non-current portion	Current portion	Total	
Edison Spa	Luxembourg Secur. Exch.	EUR	600	Annual in arrears	3.875%	11.10.2017	599	45	644	664

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

28. Long-term Financial Debt and Other Financial Liabilities - 977 millions of euros

(in millions of euros)	06.30.2015	12.31.2014	Change
Due to banks	173	184	(11)
Due to other lenders	804	806	(2)
Total for the Group	**977**	**990**	**(13)**

The amount **due to other lenders** includes the loan provided to Edison Spa by EDF Investissement Groupe Sa (face value of 800 million euros).

29. Other Liabilities - 2 millions of euros

Unchanged compared with December 31, 2014.

30. Current Liabilities - 3,876 millions of euros

A breakdown of current liabilities is provided below:

(in millions of euros)	06.30.2015	12.31.2014	Change
Bonds	45	553	(508)
Short-term financial debt	409	230	179
Trade payables	1,756	2,321	(565)
Current taxes payable	17	20	(3)
Other liabilities	1,649	2,078	(429)
Total current liabilities	**3,876**	**5,202**	**(1,326)**

- **Bonds**, amounting to 45 million euros, include the total accrued interest at June 30, 2015. The decrease compared with the December 31, 2014 is related to the repayment at its maturity date on March 17, 2015 of a 500-million-euro bond issue.
- **Short-term financial debt** includes:

(in millions of euros)	06.30.2015	12.31.2014	Change
Debt due to banks	66	55	11
Debt due to EDF Group companies	224	17	207
Debt due to unconsolidated Edison Group companies	16	16	-
Debt due to other lenders	103	142	(39)
Total Short-term financial debt	**409**	**230**	**179**

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

(in millions of euros)	**06.30.2015**	12.31.2014	Change
Electric Power Operations	963	1,247	(284)
Hydrocarbons Operations	787	1,057	(270)
Corporate Activities and Other Segments and Eliminations	6	17	(11)
Total trade payables	**1,756**	**2,321**	**(565)**

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 17 million euros represent the income taxes liability of Group companies that are not included in the consolidated tax return filed by the controlling company (Transalpina di Energia Spa). These taxes are paid directly by the companies upon which they are levied.
- A breakdown of **other liabilities** is as follows:

(in millions of euros)	**06.30.2015**	12.31.2014	Change
Fair Value on industrial portfolio derivatives and trading activities	999	1,523	(524)
Amount owed to the controlling company in connection with the filing of a consolidated tax return	277	234	43
Amounts owed to joint holders of permits for hydrocarbon exploration	174	161	13
Payables owed to Tax Administration (other than current tax payables)	11	12	(1)
Amount owed to employees	25	27	(2)
Payables owed to social security institutions	21	21	-
Sundry items	142	100	42
Total other liabilities	**1,649**	**2,078**	**(429)**

With regard to **Fair Value on industrial portfolio derivatives and trading activities,** which should be analyzed in conjunction with the corresponding receivables included in **Current assets** (decreased from 1,120 million euros to 886 million euros), please refer to the Note 22.

NET FINANCIAL DEBT

At June 30, 2015, net financial debt totaled 1,679 million euros, or 87 million euros less than the 1,766 million euros owed at December 31, 2014.

Consistent with the practice followed at the end of 2014, the table below provides a simplified breakdown of the Group's net financial debt:

(in millions of euros)	*See note*	**06.30.2015**	12.31.2014	Change
Bonds - non-current portion	*27*	599	598	1
Non-current bank loans	*28*	173	184	(11)
Amounts due to other lenders - non-current portion	*28*	804	806	(2)
Non current net financial debt		**1,576**	**1,588**	**(12)**
Bonds - current portion	*30*	45	553	(508)
Short-term financial debt	*30*	409	230	179
Current financial assets	*22*	(130)	(132)	2
Cash and cash equivalents	*22*	(221)	(473)	252
Current net financial debt		**103**	**178**	**(75)**
Net financial debt		**1,679**	**1,766**	**(87)**

The net decrease for the period is mainly due to the improvement in operating working capital (469 million euros) which more than offsets the outlays for capital expenditures (257 million euros), dividends (54 million euros) and taxes (45 million euros).

Net financial debt includes the loans outstanding with EDF Group companies for a face value of 800 million euros.

Short-term financial debt also includes:

- the current account established by Edison Spa with EDF Sa that has a debit balance for 149 million euros;
- debt owed to unconsolidated Edison Group companies for 16 million euros.

COMMITMENTS, RISKS AND CONTINGENT ASSETS

Commitments – 1,350 millions of euros

(in millions of euros)	06.30.2015	12.31.2014	Change
Guarantees provided	1,134	1,179	(45)
Collateral provided	69	69	-
Other commitments and risks	147	293	(146)
Total for the Group	**1,350**	**1,541**	**(191)**

Guarantees provided (1,134 million euros) were determined based on the undiscounted amount of contingent commitments on the balance sheet date 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 its subsidiaries account for most of the balance. Include, *inter alia*, 18 million euros (unchanged compared with December 31, 2014) in guarantees provided to the Revenue Office on behalf of subsidiaries for offsetting VAT credits and those provided in connection with the intra-Group assignment of tax credits.

Collateral provided (69 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 (37 million euros).

Other commitments and risks (147 million euros) reflect primarily commitments undertaken to complete investment projects under construction in Italy and abroad (98 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 June 30, 2015 (116 million euros at December 31, 2014). Concerning the advance paid in the period please refer to Note 21 "Other Assets".

Please also note the following:

- With regard to the procurement of CO_2 certificates and Certified Emission Reductions (CERs)/Emission Reduction Units (ERUs), for the 2013-2020 period, Edison Spa signed Amended Agreements to the original Emission Reductions Purchase Agreements (ERPA) to purchase CERs in China for up to 26 million euros. These new agreements represent extensions of contracts already held by Edison Spa and originally signed for the 2008-2013 period.
- Edison Spa granted to:
  - Cartiere Burgo Spa a call option to purchase a 51% interest in Gever Spa. This option is exercisable when the contract under which Gever supplies Cartiere Burgo with electric power and steam expires (in 2017) at a price equal to the corresponding pro rata interest in the company's shareholders' equity.
  - Petrobras an option to buy its interest in Ibiritermo Sa at a defined price, exercisable in 2022.

Unrecognized Commitments and Risks

There are not significant changes related to the main risks and commitments not included in the amounts above in the first half of 2015 compared with disclosures in the 2014 Consolidated Financial Statements, to which reference is provided for a more complete and comprehensive information. In particular, the **Hydrocarbons Operations** entered into long term contracts for the importation of natural gas from 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	12.0	51.8	122.0	**185.8**

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 half of 2015 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 that 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 2014 Consolidated Financial Statements for a comprehensive review of these issues.

Probable liabilities associated with legal disputes

The following noteworthy development occurred compared with December 31, 2014:

A) On **liabilities for which a provision for disputes, litigation and contracts risks was recognized in the balance sheet**:

Edison Spa

Stava Dam Disaster

With regard to the appellate proceedings concerning the remaining action filed by a party injured by the collapse of the Prestavel Reservoirs in 1985, at a hearing held before the Milan Court of Appeals on February 18, 2015, was discussed and it is waiting for the decision.

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

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

New developments concerning the Mantua site concern only the administrative proceedings. More specifically, in March 2015 the Company was served with an order pursuant to Article 244 of Legislative Decree No. 152/2006 concerning the Mantua Site of National Interest called "Canale Sisma". The Company has already filed a challenge against this order with the Administrative Court of Lombardy in Brescia.

In this area, it is also worth mentioning that, in June 2015, the Mantua Provincial Administration served the Company with three orders pursuant to Article 244 of Legislative Decree No. 152/2006 concerning the areas within the Mantua Site of National Interest called "Basso Mincio", "N" and "B+I," respectively.

The Company promptly challenges all of the abovementioned orders of remediation before the Administrative Court of Lombardy in Brescia.

* * * * *

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

Edison Spa

Industrial Site in Bussi sul Tirino

With regard to Bussi sul Tirino, on March 5, 2015, the Council of State published a decision by which it permanently voided the injunction issued by the Ministry of the Environment in September 2013 ordering Edison to remove all waste found at landfills located both inside and outside the plant, restore the conditions of the sites and proceed with the remediation of the affected environmental matrices, if contaminated.

As for the criminal proceeding pending against 19 defendants, including three former managers and employees of Montedison Spa, it is worth pointing out that the acquittal decision handed down by the Chieti lower court on December 19, 2014 was appealed by the Public Prosecutor of the Court of Pescara (and by the counsel for the defendants for different profiles) directly to the Court of Cassation, bypassing the intermediate venues. A hearing for oral arguments has not yet been scheduled.

However, it is worth mentioning that, due to the decision by all defendants to opt for summary judgment, Edison is no longer a party to these proceedings. Consequently, the following alternative scenarios are possible for Edison: *i)* if the decision acquitting the three employees of the former Montedison were to become final, it would have a direct effect on the civil law plaintiffs, excluding any right to receive compensation for damages from Edison, the civil law respondent; *ii)* on the other hand, if upon a reversal of the recent acquittal decision by the lower court, the courts were to hand down a final guilty verdict against the three defendants, former employees of the Montedison Group, the decision would have a direct effect only on the defendants, but not with regard to Edison Spa. Any interested party would then have to pursue new proceedings before a civil court to determine the liability of Edison Spa for the actions of its former employees.

Solvay – Edison Arbitration

The arbitration proceedings filed by the Solvay Group against Edison for alleged violations of certain representations and environmental warrantees provided by Montedison in the agreement for the sale of the shares of Agorà (Ausimont) were adjourned by the Board of Arbitrators, at the request of both parties, pending a decision by the lower court in the criminal proceedings concerning the Spinetta Marengo site, which is expected in the coming months.

* * * * *

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

Edison Spa

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

The civil proceedings pending before the Court of Milan, in which the City of Milan is suing Edison for damages allegedly related to the remediation costs for the "former Officine del Gas" site in Milan's Bovisa district (area where Montedison Spa carried out a gas production and distribution business from 1966 to 1981), is still pending at first instance.

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Contingent liabilities associated with legal disputes

Edison Spa

Pagnan vs Edison

By a decision handed down on April 14, 2015, the Venice Court of Appeals upheld the lower court's decision again denying the claim filed against Edison by Pagnan Spa within the framework of a civil lawsuit filed by the Ministry of the Environment and for the Protection of the Land and the Sea and the Ministry of Infrastructures for alleged environmental damages caused in the area of the South Channel Dockyard in the Malcontenta section of the Porto Marghera Industrial Park.

Cartel Damage Claims – Ausimont: Claim for Damages

In April 2010, Edison was served with notices setting forth four amended briefs filed by Akzo Nobel Nv, Kemira Oyi, Arkema Sa and FMC Foret Sa in proceedings before the Court of Düsseldorf in which Cartel Damage Claims Hydrogen Peroxide Sa, a Belgian company specialized in class action lawsuits, is claiming compensation for alleged damages to competition caused by the members of a cartel for the production and distribution of peroxides and perborates on which the European Commission levied a fine in 2006.
Edison is being sued due to Ausimont's involvement in the antitrust proceedings launched by the Commission. The proceedings are currently in the preliminary phase and the Court of Düsseldorf, by an order dated April 29, 2013, ruled that the lawsuit should be submitted to the Court of Justice of the European Union to address a series of exceptions concerning lack of standing and jurisdiction raised by all defendants.
On May 21, 2015, by decision No. C-352/13, the Court of Justice of the European Union, ruled that, with regard to defining jurisdictional authority regarding transnational anticompetitive practices carried out by a plurality of parties—multiple companies based in different member countries—the victims of a conspiracy may file damage claims before a court at the domicile one of the abovementioned defendants who is a party to the conspiracy.
Based on this principle of law, the court of venue (i.e., the Court of Düsseldorf) was found to have jurisdiction and the merit proceedings are thus now expected to move forward.

* * * * *

Others information

The following disclosure is being provided merely for information purposes:

Carlo Tassara Spa – Civil Lawsuit Regarding the Restructuring of the Edison Group

On March 18, 2015, Carlo Tassara Spa served EDF Sa, A2A Spa and Edison Spa with a summons seeking compensation for alleged damages that it suffered due to the restructuring of the Edison Group in 2012.

This civil lawsuit is specifically directed against A2A and EDF. Edison is summoned in the proceedings only so that, should it deem it appropriate, it may take part in the proceedings to protect its interest. In this capacity, Edison is not the target of any claim filed by Tassara. The company reserves the right to consider the possibility of joining these proceedings within the statutory deadline.

* * * * *

Probable liabilities associated with tax disputes

Edison Spa

IRES and IRAP Assessments - for 2005-2009 Tax Years

In May 2015, Edison settled through an amicable settlement procedure the IRES, Robin Hood Tax, IRAP and VAT assessments for the 2009 tax year: since the amounts disallowed stemmed from the timing chosen to accrue certain costs, the Revenue Agency demanded payment exclusively of the reduced penalties and interest, offsetting the taxes directly against the effect of the reclassification of the abovementioned costs to the accrual years deemed appropriate. The amount owed was paid in June, drawing it from an existing provision for risks established for that purpose.

The Revenue Agency did not disallow any costs attributable to “black-list” suppliers for 2009 and in June agreed to a settlement by which it voided the part of the IRES and IRAP assessments for 2007 related to costs attributable to “black-list” suppliers. Consequently, the dispute regarding the 2007 tax year is continuing limited to the costs disallowed due to their accrual timing and a decision by Regional Tax Commission is now pending.

Other Group Companies

Edison Trading Spa – IRES, Robin Hood Tax and IRAP Assessments for 2009

In April, Edison Trading settled through an amicable settlement procedure the IRES, Robin Hood Tax and IRAP assessments notified in November 2014 for the 2009 tax year. The amount owed was paid in May, drawing it from an existing provision for risks. The surplus remaining in this provision was reversed into profit or loss, as 2009 was the last tax year subject to assessments as part of the 2011 tax audit.

* * * * *

Contingent liabilities associated with tax disputes

Edison Spa

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

In April 2015, the Campobasso Regional Tax Commission, completely reversing the decision handed down by the Provincial Commission, voided the notice of assessment for property taxes (ICI) issued by the Municipality of Termoli with regard to the Rospo Mare A and B platforms for the 2007-2010 tax years. The decision upheld the Company's arguments recognizing, on the one hand, that the Municipality of Termoli lacks jurisdiction and, on the other hand, that the offshore platform do not qualify for listing on the Cadastral Rolls, which is a prerequisite for the imposition of taxes.

This decision, confirms once again the Company's position that the claims of the municipal administrations are groundless. Consequently, the risk related to these disputes was rated as not probable.

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Contingent assets

There were no new developments requiring disclosure.

GROUP FINANCIAL RISK MANAGEMENT

This Section synthetically describes the policies and principles adopted by the Edison Group to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities (CO2 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).

Additional information can be found in the extensive remarks provided in the notes to the 2014 Consolidated Financial Statements.

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

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

Consistent with its Energy Risk Policies, the Edison Group manages this risk within the limit of an Economic Capital amount — measured in terms of Profit at Risk (PaR[1]) — approved by the Board of Directors for the Industrial Portfolio, including both transactions that hedge contracts to buy or sell commodities and the Group's production and assets. The Economic Capital represents the risk capital, stated in millions of euros, available to hedge market risks.

A simulation is carried out for the derivatives instruments that hedge the Industrial Portfolio, some of which qualify for hedge accounting under IAS 39 (Cash Flow Hedge) while others qualify as Economic Hedge, to assess the potential impact that fluctuations in the market prices of the underlying assets could have on the fair value of outstanding derivatives. Issues concerning the Italian forward market for electric power are discussed in the 2014 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 June 30, 2015. In other words, compared with the fair value determined for financial derivatives outstanding at June 30, 2015, the probability of a negative variance greater than 439.4 million euros by the end of 2015 is limited to 2.5% of the scenarios.

Profit at Risk (PaR) (in millions of euros)	**06.30.2015**	06.30.2014	12.31.2014
Maximum negative variance in the fair value (*)	**439.4**	315.4	452.8

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

The increased volatility of Brent crude prices is the main reason why the expected level of variance is greater than in the previous year. Derivative activities consisted mainly of executing hedging transaction for 2015, 2016 and 2017.

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 half 2015**		1st half 2014	
Economic Capital absorbed	**without derivatives**	**with derivatives**	without derivatives	with derivatives
Average absorption of the approved limit of Economic Capital	60%	53%	113%	71%
Maximum absorption	88% - Jan. '15	91% - Jan. '15	138% - Jan. '14	94% - Jun. '14

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

On these values impacted the significant drop in oil prices that has resulted in a decrease of exposure to foreign exchange rates, already hedged, arising from long term contracts. The increase in sales occurred during the gas sales campaign determined an increase of the exposure on the foreign exchange rates of long term contracts that allowed an absorption of exposure to foreign exchange rates of them.

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) (*)	**06.30.2015**	06.30.2014
Daily VaR Limit (**)	2.7 million euros	3.4 million euros
Stop Loss limit	13.9 million euros	17.7 million euros
Utilized VaR limit at the end of the period	24%	22%
Average utilized VaR limit in the period	23%	36%

(*) Value at Risk: is a statyistical 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 half 2015**	**1st half 2014**
Economic Capital's limit	42.0 million euros	52.9 million euros
Utilization at the end of the period	29%	25%
Average utilization	28%	42%

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 2014 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 manages with hedging derivatives, some of which qualify for hedge accounting under IAS 39 (Cash Flow Hedges or Fair Value Hedges), while others qualify as Economic Hedges.

Gross Financial Debt	**06.30.2015**			**12.31.2014**		
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)	1,404	804	40%	1,904	1,304	55%
- variable rate portion	626	1,226	60%	467	1,067	45%
Total gross financial debt	**2,030**	**2,030**	**100%**	**2,371**	**2,371**	**100%**

On March 17, 2015, the derivative position hedging a 500-million-euro bond issue was closed out concurrently with the repayment of the bonds at their scheduled maturity.

The Interest Rate Swaps indexed to the six-month Euribor, which qualify as fair value hedges, executed to hedge a fixed-rate bond issue of 600 million euros maturing on November 10, 2017, are still outstanding.

The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity, respectively, of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in the first half of 2015 and provides a comparison with the 2014.

Sensitivity analysis (in millions of euros)	1st half 2015 Impact on financial expense (P&L)			06.30.2015 Impact on the Cash Flow Hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	24	22	19	-	-	-

Sensitivity analysis (in millions of euros)	1st half 2014 Impact on financial expense (P&L)			12.31.2014 Impact on the Cash Flow Hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	39	35	30	-	-	-

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 half of 2015 totaled 3,076 million euros (3,339 million euros at June 30, 2014). At June 30, 2015, the amount of receivables that were exposed to the risk of recourse was less than 1 million euros.

When it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), the Edison Group deals only with entities with a high credit rating. At June 30, 2015, 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)	**06.30.2015**	12.31.2014
Gross trade receivables	2,392	3,213
Allowance for doubtful accounts (-)	(360)	(365)
Trade receivables	**2,032**	**2,848**
Guarantees held (*)	466	530
Receivables less than 6 in arrears	255	241
Receivables 6 to 12 months in arrears	90	128
Receivables more than 12 months in arrears	469	441

(*) Including 122 million euros to hedge receivables outstanding at June 30, 2015.

With regard to foreign activities, which were adversely affected by the local political and economic situation, it is worth noting that the past-due receivables owed in Egypt at June 30, 2015 by the Egyptian General Petroleum Corporation (EGPC) (187 million euros), increased by 69 million euros compared with December 31, 2014.

5. Liquidity Risk

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

Worst-case scenario (in millions of euros)	**06.30.2015**			12.31.2014		
	1 to 3 months	More than 3 months and up to 1 year	After 1 year	1 to 3 months	More than 3 months and up to 1 year	After 1 year
Bonds	-	23	647	516	23	647
Financial debt and other financial liabilities	265	29	1,048	29	37	1,070
Trade payables	1,734	22	-	2,291	30	-
Total	**1,999**	**74**	**1,695**	**2,836**	**90**	**1,717**
Guarantees provided to third parties (*)	**710**	**209**	**215**	**683**	**185**	**311**

(*) 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.

A bond issue with a face value of 500 million euros was redeemed on its scheduled maturity of March 17, 2015.

The main components of the financial debt due within three months (265 million euros) include 149 million euros drawn from an overdraft facility provided on a cash pooling current account with EDF Sa (total allowed credit line of up to 199 million euros) and the funds that Transalpina di Energia made available to Edison Spa as a short-term deposit, with the aim of optimization of financial resources.

Indebtedness due after three months and within one year (52 million euros) refers to the accrued interest and amortization installments of the existing loans and the annual interest payment due on the bond issue.

The financial debt maturing after one year (1,695 million euros) includes a bond issue with a face value of 600 million euros, maturing on November 10, 2017, a loan from EDF Investissements Groupe Sa for 800 million euros, maturing on April 9, 2020, and the amount drawn down on a medium/long-term direct credit line (137 million euros at June 30, 2015) provided by the European Investment Bank (EIB) to finance gas storage projects. It is worth mentioning that the unused portion of this credit line was cancelled in the first half of 2015.

The financial flexibility that Edison Spa requires and the coverage of its financial needs for the coming months are assured by a 600-million-euro revolving credit line provided by EDF Sa, which was renewed for two years on April 9, 2015, and a subordinate facility consisting of a revolving credit line provided in November 2014 by a pool of banks on a Club Deal basis for an amount of up to 500 million euros. Both credit lines were fully available at June 30, 2015.

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 June 30, 2015:

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 1,598 million euros, the unused portion of which was 600 million euros at June 30, 2015, and syndicated facilities amounting to 500 million euros fully unused at June 30, 2015.

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, 2014. Additional information can be found in the extensive remarks provided in the notes to the 2014 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 interest rate and foreign exchange and price risk on energy commodities. For all derivatives that comply with internal risk policies and procedures, realized results and expected values are either included in EBIT, if they refer to activities related to the Industrial Portfolio, or recognized as financial income or expense, in the case of financial transactions.
   b. Trading Portfolios. As explained above, they include physical and financial energy commodity contracts; both realized results and expected values of these transactions are included in EBITDA.

Fair Value Hierarchy According to IFRS 13

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

- **Level 1**: Determination of fair value based on quoted prices (unadjusted) for identical assets or liabilities in active markets. Instruments with which Edison Group operates directly in active markets (e.g., futures) are included in this category.
- **Level 2**: Determination of fair value based on inputs other than the quoted prices of Level 1 but which are directly or indirectly observable (e.g., forward contracts or swaps in futures markets).
- **Level 3**: Determination of fair value based on valuation models with inputs not based on observable market data (unobservable inputs). At this time, as at December 31, 2014, 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.

Instruments Outstanding at June 30, 2015

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

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

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

A) Interest Rate and Foreign Exchange Rate Risk Management

(in millions of euros)	Fair Value Hierarchy (****)	Notional amount (*) due within 1 year	Notional amount (*) due between 2 and 5 years	Notional amount (*) due after 5 years	Notional amount (*) Total	**Balance sheet value at 06.30.2015** (**)	Cumulative impact on the income statement at 06.30.2015 (***)	Notional amount at 12.31.2014 (*) Total	**Balance sheet value at 12.31.2014** (**)
Interest rate risk management:									
- Fair Value Hedges in accordance with IAS 39	2	-	600	-	600	45	45	825	45
- contracts that do not qualify as hedges in accordance with IAS 39	2	-	-	-	-	-	-	225	(2)
Total interest rate derivatives		**-**	**600**	**-**	**600**	**45**	**45**	**1,050**	**43**

(in millions of euros)	Fair Value Hierarchy (****)	due within 1 year receivable	due within 1 year payable	due between 2 and 5 years receivable	due between 2 and 5 years payable	due after 5 years	Total receivable	Total payable	**Balance sheet value at 06.30.2015** (**)	Cumulative impact on the income statement at 06.30.2015 (***)	Notional amount at 12.31.2014 (*) Total receivable	Notional amount at 12.31.2014 (*) Total payable	**Balance sheet value at 12.31.2014** (**)
Foreign exchange rate risk management:													
- contracts that qualify as hedges in accordance with IAS 39:													
. on commercial transactions	2	2,120	(66)	1,315	(13)	-	3,435	(79)	374	26	4,415	(160)	315
. on financial transactions	2	-	-	-	-	-	-	-	-	-	-	-	-
- contracts that do not qualify as hedges in accordance with IAS 39:													
. on commercial transactions	2	287	-	(3)	-	-	284	-	18	18	356	(148)	11
. on financial transactions	2	-	-	-	-	-	-	-	-	-	-	-	-
Total foreign exchange rate derivatives		**2,407**	**(66)**	**1,312**	**(13)**	**-**	**3,719**	**(79)**	**392**	**44**	**4,771**	**(308)**	**326**

(*) Represents the sum of the notional amounts of the basic contracts that would result from an unbundling of complex contracts.
(**) Represents the net receivable (+) or payable (-) recognized on the balance sheet following the measurement of derivatives at fair value.
(***) Represents the cumulative adjustment to fair value of derivatives recognized on the income statement from the inception of the contract until the date of the financial statements.
(****) For the definition see the previous paragraph "Fair Value hierarchy according to IFRS 13."

B) Commodity Risk Management

	Fair Value Hierarchy (****)	Notional amount (*)					Balance sheet value at 06.30.2015 (**)	Cumulative impact on the income statement at 06.30.2015 (***)	Notional amount at 12.31.2014 (*)	Balance sheet value at 12.31.2014 (**)
		Unit of measure	Due within one year	Due within two years	Due after two years	Total	(in millions of euros)	(in millions of euros)	Total	(in millions of euros)
Price risk management for energy products										
A. Cash Flow Hedges pursuant to IAS 39, broken down as follows:							**(697)**	**(28)**		**(976)**
- Electric power	3	TWh	0,66	-	-	0,66	(1)	-	-	-
- Natural Gas	2	Millions of therms	(1.067,43)	(505,62)	(162,06)	(1.735,11)	26	2	(566,64)	52
- LNG and oil	2	Barrels	34.315.940	17.211.610	2.546.400	54.073.950	(725)	(30)	46.142.510	(1.038)
- CO2	2	Millions of tons	0,49	3,70	0,95	5,14	3	-	7,60	10
B. Contracts that qualify as Fair Value Hedges pursuant to IAS 39							-	-		
C. Contracts that do not qualify as hedges pursuant to IAS 39, to hedge margins:							**166**	**166**		**216**
- Natural Gas	2	Millions of therms	(850)	(192)	10	(1.032)	125	125	(1.453)	188
- LNG and oil	2	Barrels	(302.375)	(257.627)	(15.000)	(575.002)	30	30	(692.250)	25
- CO_2	2	Millions of tons	2,96	-	-	2,96	11	11	1,75	3
TOTAL							**(531)**	**138**		**(760)**

(*) + for net purchases, - for net sales.
(**) Represents the net receivable (+) or payable (-) recognized on the balance sheet following the measurement of derivatives at fair value.
(***) Represents the cumulative adjustment to fair value of derivatives recognized on the income statement from the inception of the contract until the date of the financial statements.
(****) For the definition see the previous paragraph "Fair Value hierarchy according to IFRS 13".

C) Trading Portfolios

	Fair Value Hierarchy (****)	Notional amount (*)					Balance sheet value at 06.30.2015 (**)	Cumulative impact on the income statement at 06.30.2015 (***)	Notional amount at 12.31.2014 (*)	Balance sheet value at 12.31.2014 (**)
		Unit of measure	Due within one year	Due within two years	Due after two years	Total	(in millions of euros)	(in millions of euros)	Total	(in millions of euros)
Derivatives							**(22)**	**(22)**		**(39)**
- Electric power	1/2	TWh	4,20	0,61	(0,27)	4,54	(22)	(22)	5,42	(39)
- Natural Gas	2	Millions of therms	(8,72)	(3,07)	3,02	(8,77)	-	-	-	-
- LNG and oil	2	Barrels	401.000	(2.000)	(15.000)	384.000	-	-	-	-
- CO_2	1/2	Millions of tons	(0,15)	0,15	-	-	-	-	(0,14)	-
Physical contracts							**48**	**48**		**70**
- Electric power	2/3	TWh	(1,07)	1,31	0,46	0,70	44	44	(1,49)	64
- Natural gas	2	Millions of therms	8,67	(1,38)	(7,54)	(0,25)	1	1	-	2
- Other commodity	2		-	-	-	-	3	3	-	4
TOTAL							**26**	**26**		**31**

(*) + for net purchases, - for net sales.
(**) Represents the net receivable (+) or payable (-) recognized on the balance sheet following the measurement of derivatives at fair value.
(***) Represents the cumulative adjustment to fair value of derivatives recognized on the income statement from
(****) For the definition see the previous paragraph "Fair Value hierarchy according to IFRS 13."

Effects of Hedging Derivative and Trading Transactions on the Income Statement and Balance Sheet

The disclosure below provides an analysis of the financial results generated by derivative hedging and trading transactions at June 30, 2015, including the effects of physical energy commodity contracts.

(in millions of euros)	Realized (A)	Fair Value recognized for contracts outstanding at 12.31.2014 (B)	Fair Value recognized for contracts outstanding at 06.30.2015 (C)	Change in Fair Value (D)=(C-B)	Amounts recognized in earnings at 06.30.2015 (A+B)	Amounts recognized in earnings at 06.30.2014
Result from price risk and exchange risk hedges for commodities of which:						
Total definables as hedges pursuant to IAS 39 (CFH) (*) (**)	***23***	***11***	***1***	***(10)***	***13***	***39***
Price risk hedges for energy products	(224)	(15)	(28)	(13)	(237)	91
Exchange risk hedges for commodities	247	26	29	3	250	(52)
Total not definables as hedges pursuant to IAS 39	***56***	***222***	***184***	***(38)***	***18***	***156***
Price risk hdges for nergy products	59	216	166	(50)	9	159
Exchange risk hedges for commodities	(3)	6	18	12	9	(3)
Total price risk and exchange risk hedges for commodities (A)	**79**	**233**	**185**	**(48)**	**31**	**195**
Margin on trading activities of which:						
Margin on physical trading activities (***)	15	70	49	(21)	(6)	190
Margin on financial trading activities	(7)	(39)	(22)	17	10	(161)
Total margin on trading activities (B)	**8**	**31**	**27**	**(4)**	**4**	**29**
TOTAL INCLUDED IN EBIT (A+B)	**87**	**264**	**212**	**(52)**	**35**	**224**
Result from interest rate hedges:						
Definables as hedges pursuant to IAS 39 (FVH)	1	45	45	-	1	13
Not definables as hedges pursuant to IAS 39	(2)	(2)	-	2	-	(2)
Total interest rate hedges (C)	**(1)**	**43**	**45**	**2**	**1**	**11**
Result from exchange rate hedges:						
Definables as hedges pursuant to IAS 39 (CFH)	73	-	(4)	(4)	69	(7)
Not definables as hedges pursuant to IAS 39	19	5	-	(5)	14	4
Total exchange rate hedges (D)	**92**	**5**	**(4)**	**(9)**	**83**	**(3)**
TOTAL INCLUDED IN NET FINANCIAL INCOME (EXPENSE) (C+D)	**91**	**48**	**41**	**(7)**	**84**	**8**

(*) Includes the ineffective portion.
(**) Excluded net realized costs for 75 million euros suspended at equity.
(***) Includes the fair value adjustment of trading inventories, the carrying amount of which was positive for about 1 million euros at 06.30.2015

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 June 30, 2015 and their classification on the fair value hierarchy as required by IFRS 13:

(in millions of euros)	**06.30.2015**		12.31.2014	
	Receivables	**Payables**	Receivables	Payables
Foreign exchange transactions	414	(22)	342	(16)
Interest rate transactions	45	-	45	(2)
Physical Trading transactions	159	(111)	317	(247)
Other commodity transactions	313	(866)	461	(1.260)
Fair value recognized as current assets or current liability (a)	**931**	**(999)**	**1.165**	**(1.525)**
Broken down as follows:				
- recognized as "Other receivables" and "Other liabilities"	886	(999)	1.120	(1.523)
- recognized as "Current financial assets" and "Short-term financial debt"	45	-	45	(2)
Broken down on fair value hierarchy:				
- Level 1	30	(12)	33	(21)
- Level 2	898	(986)	1.129	(1.504)
- Level 3 (*)	3	(1)	3	-
IFRS 7 potential offsetting (b)	**(458)**	**458**	**(478)**	**478**
Potential net Fair Value (a+b)	**473**	**(541)**	**687**	**(1.047)**

(*) The fair value classified at Level 3 is recognized for 3 million euros in the margin on physical trading activities (3 million euros in Sales revenues and 0 in Raw material) and for 1 million euros in Raw materials and services used.

With reference to the above, a negative Cash Flow Hedges reserve amounting to 397 million euros (before tax effects) was recognized in equity. This reserve refers to receivables and payables from valuation at fair value for 322 million euros and to the suspension of results from realized derivatives whose underlying physical item has not yet produced an economic effect for 75 million euros.

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

Consistent with the applicable policies adopted by the Group, transactions with related parties affecting the income statement and balance sheet that were outstanding at June 30, 2015 are reviewed below. The information provided is sufficient to meet the disclosure requirements of IAS 24. These transactions were executed in the normal course of business and on contractual terms that were consistent with standard market practices.

(in millions of euros)	*Related Parties pursuant to IAS 24*			Total for related parties	Total for financial stat. line item	Impact %
	With unconsolidated Edison Group companies	*With controlling companies*	*With other EDF Group companies*			
Balance Sheet transactions:						
Investments in associates	145	-	-	**145**	**145**	**100.0%**
Other financial assets	5	-	-	**5**	**74**	**6.8%**
Trade receivables	2	-	37	**39**	**2,032**	**1.9%**
Other receivables	6	198	5	**209**	**1,491**	**14.0%**
Current financial assets	83	-	-	**83**	**130**	**63.8%**
Cash and cash equivalents	-	-	-	**-**	**221**	**-**
Long-term financial debt and other financial liabilities	-	-	797	**797**	**977**	**81.6%**
Short-term financial debt	16	220	4	**240**	**409**	**58.7%**
Trade payables	4	2	31	**37**	**1,756**	**2.1%**
Other liabilities	2	278	10	**290**	**1,649**	**17.6%**
Income Statement transactions:						
Sales revenues	1	1	233	**235**	**5,619**	**4.2%**
Other revenues and income	1	-	-	**1**	**70**	**1.4%**
Raw materials and services used	(14)	(8)	(125)	**(147)**	**(5,372)**	**2.7%**
Financial income	3	-	4	**7**	**28**	**25.0%**
Financial expense	-	(2)	(11)	**(13)**	**(68)**	**19.1%**
Net foreign exchange translation gains (losses)	-	82	-	**82**	**46**	**n.m.**

A) Transactions with unconsolidated Edison Group companies

These transactions represent the transaction with unconsolidated Group companies, joint venture and affiliated companies, consist primarily of :

- financial transactions, as lending facilities;
- commercial transactions mainly related to Energy 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 June 30, 2015 showed a credit of 66 million euros.

B) Transactions with controlling companies

Consolidated IRES Return held by Transalpina di Energia Spa

For a more detailed information please consult the section of the 2014 Consolidated Financial Statements. Further to the decision handed down by the Constitutional Court in February 2015 ruling that the so-called Robin Hood Tax, the IRES surcharge levied on companies in the energy sector, is unconstitutional; the Companies of the Group are no longer required to pay the abovementioned tax, which in any event had to be paid independently by the individual companies, event those included in the consolidated IRES return.

Short term deposit

With the aim to optimize the financial resources Transalpina di Energia granted to Edison Spa facilities in the form of short term deposit; this deposit totaled 71 million euros at June 30, 2015.

Centralized Cash Management System by EDF Sa

At June 30, 2015, please note:

- the current account established by Edison Spa with EDF Sa has a debit balance for 149 million euros;
- the current account established by Edison E&P UK with EDF Sa has a positive balance lower than 1 million euros.

Loan by EDF Sa

The credit line granted by EDF Sa to Edison Spa (face amount of 600 million euros) was renewed, at its maturity date on April 9, 2015, for two years. The loan was provided on terms in line with those granted in the financial market to companies with Edison's credit rating. This line is fully available at June 30, 2015.

Other intercompany transactions with EDF Sa

With regard to contracts for services rendered by EDF Sa (mainly financial and insurance) and other recharges of expenses, the costs for the period amounted to about 8 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 EUR/USD exchange rate trend, reported net realized gains for 82 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	EDF EN Italia Partecipazioni	Fenice Group	**Total**
Balance Sheet transactions					
Trade receivables	36	-	-	1	**37**
Other receivables	4	1	-	-	**5**
Trade payables	26	5	-	-	**31**
Other liabilities	3	-	-	-	**3**
Other liabilities (dividends)	-	-	7	-	**7**
Income Statement transactions					
Sales Revenues	**228**	**1**	**-**	**4**	**233**
Electric power and natural gas	197	-	-	4	201
Realized commodity derivatives	39	-	-	-	39
Margin on physical trading activities	(7)	-	-	-	(7)
Margin on financial trading activities	(1)	-	-	-	(1)
Others	-	1	-	-	1
Raw materials and services used	**(111)**	**(14)**	**-**	**-**	**(125)**
Electric power and natural gas	(85)	-	-	-	(85)
Realized commodity derivatives	(26)	-	-	-	(26)
Plant maintenance	-	(14)	-	-	(14)

2) Financial Transactions

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

Loan by EDF Investissement Groupe Sa

The long-term loan provided to Edison Spa (face amount of 800 million euros with maturity on April 9, 2020) had been drawn down in full at June 30, 2015. The loan was provided on terms in line with those granted in the financial market to companies with Edison's credit rating.

Financial expenses for the period totaled 11 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 half of 2015, 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 half of 2015 as defined in the CONSOB Communication No. DEM/6064293 of July 28, 2006.

* * * * *

SIGNIFICANT EVENTS OCCURRING AFTER JUNE 30, 2015

Acquisition of the company SHEN Spa

On July 21, 2015, Edison Spa acquired the full control of SHEN Spa, company that operates a run river power plant.

Agreement with QALAA Energy

On July 23, 2015 Edison and QALAA Energy signed a joint development agreement for the construction of a power plant of 180 MW in Egypt, which will generate electricity for the local market.

SCOPE OF CONSOLIDATION
at June 30, 2015

SCOPE OF CONSOLIDATION AT JUNE 30, 2015
List of equity investments

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2015	Consolidated Group interest (a) 12.31.2014	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
A) Investments in companies included in the scope of consolidation											
A.1) Companies consolidated line by line											
Group Parent Company											
Edison Spa	Milan (IT)	EUR	5,291,700,671								
Electric Power Operations											
Compagnia Energetica Bellunese CEB Spa (single shareholder)	Milan (IT)	EUR	1,200,000	86.12	86.12	100.00	Sistemi di Energia Spa	-	-	S	(i)
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	(i)
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	-
Hydros Srl - Hydros Gmbh	Bolzano (IT)	EUR	30,018,000	40.00	40.00	40.00	Edison Spa	-	-	S	-
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.00	70.00	70.00	Edison Spa	-	-	S	(i)
Presenzano Energia Srl	Milan (IT)	EUR	120,000	90.00	90.00	90.00	Edison Spa	-	-	S	(i)
Sistemi di Energia Spa	Milan (IT)	EUR	10,083,205	86.12	86.12	86.12	Edison Spa	-	-	S	(i)
Società Idroelettrica Calabrese Srl (single shareholder)	Milan (IT)	EUR	10,000	100.00	100,00	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 D.G. Spa (single shareholder)	Selvazzano Dentro (PD) (IT)	EUR	460,000	100.00	100.00	100.00	Edison Spa	-	-	S	(i)
Edison E&P UK Ltd	Richmond Upon Thames Surrey (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)

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2015	Consolidated Group interest (a) 12.31.2014	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Edison Norge As	Stavanger (N)	NOK	1,000,000	100.00	100.00	100.00	Edison International Spa (Socio unico)	-	-	S	-
Edison North Sea Ltd	London (GB)	GBP	2	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 0.00	Edison International Holding Nv Edison Spa	-	-	S	-
Infrastrutture Trasporto Gas Spa (single shareholder)	Milan (I)	EUR	10,000,000	100.00	100.00	100.00	Edison Spa	-	-	S	-
Corporate Activities											
Atema Limited	Dublin 2 (IRL)	EUR	1,500,000	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison Hellas Sa	Athens (GR)	EUR	263,700	100.00	100.00	100.00	Edison Spa	-	-	S	-
Edison International Development Bv	Amsterdam (NL)	EUR	18,018,000	100.00	100.00	100.00	Edison International Holding Nv	-	-	S	-
Edison International Holding Nv	Amsterdam (NL)	EUR	123,500,000	100.00	100.00	100.00	Edison Spa	-	-	S	-
Nuova Alba Srl (single shareholder)	Milan (IT)	EUR	2,016,457	100.00	100.00	100.00	Edison Spa	-	-	S	(i)

A.2) Companies consolidated by the proportional method

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2015	Consolidated Group interest (a) 12.31.2014	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Type of investment relationship (e)	Notes
Electric Power Operations											
Kinopraxia Thisvi	N. Kiffissia (GR)	EUR	20,000	65.00	65.00	65.00	Edison Engineering Sa	-	-	JO	(iii)

List of Equity Investments (continued)

B) Investments in companies valued by the equity method

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2014	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
Abu Qir Petroleum Company	Alexandria (ET)	EGP	20,000		50.00	Edison International Spa (single shareholder)	-	-	-	JV	(iv)(v)
Ed-Ina D.o.o.	Zagreb (HR)	HRK	20,000		50.00	Edison International Spa (single shareholder)	-	-	-	JV	(iv)
Elpedison Bv	Amsterdam (NL)	EUR	1,000,000		50.00	Edison International Holding Nv	-	-	24.9 (*)	JV	(iv)
Fayoum Petroleum Co - Petrofayoum	Cairo (ET)	EGP	20,000		30.00	Edison International Spa (single shareholder)	-	-	-	JV	(iv)(v)
Ibiritermo Sa	Ibirité - Estado de Minas Gerais (BR)	BRL	7,651,814		50.00	Edison Spa	-	-	26.0	JV	(iv)
IGI Poseidon Sa-Nat. Gas Subm. Interc. Gre-Ita-Poseidon	Herakleio Attiki (GR)	EUR	30,525,000		50.00	Edison International Holding Nv	-	-	6.2 (**)	JV	(iv)
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA) (IT)	EUR	10,200		50.00	Edison Energie Speciali Spa (single shareholder)	-	-	0.6	JV	(iv)
Sel Edison Spa	Castelbello (BZ) (IT)	EUR	84,798,000		42.00	Edison Spa	-	-	36.4	JV	(iv)
Centrale Elettrica Winnebach Soc. Consortile Arl	Terento (BZ) (IT)	EUR	100,000		30.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Centrale Prati Società Consortile Arl	Val di Vizze (BZ) (IT)	EUR	300,000		30.00	Hydros Srl - Hydros Gmbh	-	-	0.9	AC	-
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	-	-	0.7	AC	-
EL.IT.E Spa	Milan (IT)	EUR	3,888,500		48.45	Edison Spa	-	-	2.8	AC	-
Energia Senales Scarl - Es Scarl	Senales (BZ) (IT)	EUR	100,000		40.00	Hydros Srl - Hydros Gmbh	-	-	-	AC	-
Eta 3 Spa	Arezzo (IT)	EUR	2,000,000		33.01	Edison Spa	-	-	1.0	AC	-
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Edison Spa	-	-	4.0	AC	-
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison Spa	-	-	23.4	AC	-
Soc. Svil. Rea. Gest. Gasdot. Alg-ITA V. Sardeg. Galsi Spa	Milan (IT)	EUR	37,419,179		23.53	Edison Spa	-	-	16.2	AC	-
Total investments in companies valued by the equity method									**143.1**		

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

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2014	Interest held in share capital % (b)	Interest held in share capital by	Type of investment relationship (e)	Notes
Elpedison Energy Sa	Marousi Athens (GR)	EUR	1,435,600		75.78	Elpedison Bv	JV	(iv)
Elpedison Power Sa	Marousi Athens (GR)	EUR	98,198,000		75.78	Elpedison Bv	JV	(iv)

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

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2014	Interest held in share capital % (b)	Interest held in share capital 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	(iv)

List of Equity Investments (continued)

C) Investments in companies in liquidation or subject to permanent restrictions

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2014	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
Auto Gas Company S.A.E. (in liquidation)	Cairo (ET)	EGP	1,700,000		30.00	Edison International Spa (single shareholder)	-	-	-	AC	-
Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	Milan (IT)	EUR	1,549,350		100.00	Edison Spa	-	-	2.4	S	(i)
Nuova I.S.I. Impianti Selez. Inerti Srl (in bankruptcy)	Vazia (RI) (IT)	LIT in Euros	150,000,000 77,468.53		33.33	Edison Spa	-	-	-	AC	-
Poggio Mondello Srl (single shareholder)	Palermo (IT)	EUR	364,000		100.00	Nuova C.I.S.A. Spa (in liq.) (single shareholder)	-	-	-	S	(i)
Sistema Permanente di Servizi Spa (in bankruptcy)	Rome (IT)	EUR	154,950		12.60	Edison Spa	-	-	-	NG	-
Soc. Gen. per Progr. Cons. e Part. Spa (in receivership)	Rome (IT)	LIT in Euros	300,000,000 154,937.07		59.33	Edison Spa	-	-	-	S	-
Total investments in companies in liquidation or subject to permanent restrictions									**2.4**		

List of Equity Investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2014	Interest held in share capital % (b)	Interest held in share capital by	Voting securities held % (c)	Exercisable voting rights % (d)	Carrying value (in millions of euros) (f)	Type of investment relationship (e)	Notes
D) Investments in other companies valued at fair value											
D.1) Investments held for trading											
Acsm-Agam Spa	Monza (IT)	EUR	76,619,105		1.94	Edison Spa	-	-	2.0	NG	-
Amsc-American Superconductor	Devens (MA) (USA)	USD	95,722		0.17	Edison Spa	-	-	0.1	NG	-
D.2) Available-for-sale investments											
Emittenti Titoli Spa	Milan (IT)	EUR	4,264,000		3.89	Edison Spa	-	-	0.2	NG	-
European Energy Exchange Ag - Eex	Lipsia (DE)	EUR	40,050,000		0.76	Edison Spa	-	-	0.7	NG	-
Istituto Europeo di Oncologia Srl	Milan (IT)	EUR	80,579,007		4.28	Edison Spa	-	-	3.5	NG	-
Prometeo Spa	Osimo (AN) (IT)	EUR	2,818,277		14.45	Edison Spa	-	-	0.5	NG	-
Rashid Petroleum Company - Rashpetco	Cairo (ET)	EGP	20,000		10.00	Edison International Spa (single shareholder)	-	-	-	NG	-
RCS Mediagroup Spa	Milan (IT)	EUR	475,134,602.10		0.90	Edison Spa	-	-	5.3	NG	-
Syremont Spa	Rose (CS) (IT)	EUR	1,550,000		19.35	Edison Spa	-	-	-	NG	(ii)
Terminale GNL Adriatico Srl	Milan (IT)	EUR	200,000,000		7.30	Edison Spa	-	-	162.6	NG	-
Total investments in other companies valued at fair value									**174.9**		
Total equity investments									**320.4**		

Notes

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

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

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

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

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

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

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

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

(iii) This company is a contractual joint venture.

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

(v) Operating Company acting as Agent of Edison International Spa, it should be noted that the relationships regaled on behalf of it in the execution of the Concession 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
BRL Brazilian real
CHF Swiss franc
EGP Egyptian pound
EUR Euro
GBP British pound
HRK Croatian kuna
NOK Norvegian krone
PTE Portuguese escudo
RON Romanian leu
USD U.S. dollar

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

at June 30, 2015

Income Statement

2014 full year	(in millions of euros)	See Note	First half 2015	First half 2014 (*)
4,822	Sales revenues	1	2,664	2,415
149	Other revenues and income	2	49	50
4,971	**Total revenues**		**2,713**	**2,465**
(5,095)	Raw materials and services used (-)	3	(2,793)	(2,528)
(134)	Labor costs (-)	4	(68)	(68)
(258)	**EBITDA**	5	**(148)**	**(131)**
205	Net change in fair value of derivatives (commodities and foreign exchange)	6	(53)	150
(338)	Depreciation, amortization and writedowns (-)	7	(111)	(106)
(11)	Other income (expense), net	8	(11)	(9)
(402)	**EBIT**		**(323)**	**(96)**
(39)	Net financial income (expense)	9	26	(38)
278	Income from (Expense on) equity investments	10	52	126
(163)	**Profit (Loss) before taxes**		**(245)**	**(8)**
126	Income taxes	11	42	23
(37)	**Profit (Loss) from continuing operations**		**(203)**	**15**
-	Profit (Loss) from discontinued operation	12	-	-
(37)	**Profit (Loss) for the period**		**(203)**	**15**

(*) Data restated to reflect the new presentation, as of the 2014 reporting year, of derivatives and nonrecurring charges.

Other Components of the Comprehensive Income Statement

2014 full year	(in millions of euros)	See Note	First half 2015	First half 2014
(37)	**Profit (Loss) for the period**		**(203)**	**15**
	Other components of comprehensive income:			
(317)	***A) Change in the cash flow hedge reserve***	***24***	***127***	***99***
(462)	- Gains (Losses) from valuations for the period		188	140
145	- Income taxes (-)		(61)	(41)
-	***B) Change in reserves for available-for-sale investments***	***24***	***1***	***-***
-	- Unrealized gains (losses) on securities or equity investments		1	-
-	- Income taxes (-)		-	-
(2)	***C) Actuarial gains (losses (*)***		***-***	***-***
(2)	- Actuarial gains (losses)		-	-
(319)	**Total other components of comprehensive income net of taxes (A+B+C)**		**128**	**99**
(356)	**Total comprehensive profit (loss)**		**(75)**	**114**

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

Balance Sheet

6/30/14 (*)	(in millions of euros)	See Note	6/30/15	12/31/14
	ASSETS			
2.540	Property, plant and equipment	13	2.480	2.538
6	Investment property	14	6	6
2.408	Goodwill	15	2.287	2.287
117	Hydrocarbon concessions	16	108	112
7	Other intangible assets	17	81	86
1.338	Investments in associates	18	1.380	1.433
180	Available-for-sale investments	18	173	174
11	Other financial assets	19	11	19
-	Deferred-tax assets	20	181	243
168	Other assets	21	291	163
6.775	**Total non-current assets**		**6.998**	**7.061**
271	Inventories		115	230
604	Trade receivables		706	726
15	Current tax assets		15	15
778	Other receivables		1.239	1.290
2.746	Current financial assets		1.777	2.162
463	Cash and cash equivalents		37	76
4.877	**Total current assets**	22	**3.889**	**4.499**
-	**Assets held for sale**	23	**-**	**-**
11.652	**Total assets**		**10.887**	**11.560**
	LIABILITIES AND SHAREHOLDERS' EQUITY			
5.292	Share capital		5.292	5.292
132	Statutory reserve		132	132
520	Other reserves and retained earnings		483	520
91	Reserves for other components of comprehensive income		(197)	(326)
15	Profit (Loss) for the period		(203)	(37)
6.050	**Total shareholders' equity**	24	**5.507**	**5.581**
23	Provision for employee severance indemnities and provisions for pensions	25	24	25
56	Provision for deferred taxes	26	-	-
748	Provision for risks and charges	27	761	752
598	Bonds	28	599	598
995	Long-term financial debt and other financial liabilities	29	963	970
-	Other liabilities	30	-	-
2.420	**Total non-current liabilities**		**2.347**	**2.345**
1.291	Bonds		45	553
747	Short-term financial debt		1.074	490
745	Trade payables		833	1.146
-	Current taxes payable		-	-
399	Other liabilities		1.081	1.445
3.182	**Total current liabilities**	31	**3.033**	**3.634**
-	**Liabilities held for sale**	32	**-**	**-**
11.652	**Total liabilities and shareholders' equity**		**10.887**	**11.560**

(*) These amounts have been restated to reflect the new presentation, as of the 2014 reporting year, of the fair value of physical contracts included in the trading portfolios.

Statement of Cash Flows

The schedule that follows analyzes the **cash flows** as they apply to short-term liquid assets (i.e., due within 3 months), which amounted to 37 million euros, in the first half of 2015, compared with 463 million euros in the same period last year.

2014 full year		(in millions of euros)	See Note	First half 2015	First half 2014 (*)
(164)		**Profit (Loss) before taxes of Edison Spa**		**(245)**	**(8)**
338		Amortization, depreciation and writedowns	7	110	106
(27)		Net additions to provisions for risks		(14)	(14)
(11)		(Gains) Losses on the sale of non-current assets		1	(6)
87		(Revaluations) Writedowns of non-current financial assets	10	17	59
-		Change in the provision for employee severance indemnities and provisions for pensions	25	-	1
(205)		Change in fair value recognized in EBIT		53	(150)
681		Change in operating working capital		(178)	361
(354)		Dividends from subsidiaries, affiliated companies and other companies	10	(69)	(178)
363		Dividends collected (including amounts attributable to previous years)		56	171
41		Net financial (income) expense	9	15	34
76		Financial income collected		23	21
(120)		Financial (expense) paid		(36)	(50)
(15)		Income taxes paid		(6)	-
(222)		Change in other operating assets and liabilities		(214)	69
468	**A.**	**Cash from (used in) operating activities of continuing operations**		**(487)**	**416**
(238)		Additions to intangibles and property, plant and equipment (-)	13-17	(45)	(60)
(170)		Additions to non-current financial assets (-)	18	(3)	(3)
1		Proceeds from the sale of intangibles and property, plant and equipment		-	-
134		Proceeds from the sale of financial assets		-	31
240		Capital distributions from non-current equity investments	18	40	3
543		Change in other current assets		386	(42)
510	**B.**	**Cash from (used in) investing activities**		**378**	**(71)**
-		Proceeds from new medium-term and long-term loans	29,30,32	250	-
(732)		Redemptions of medium-term and long-term loans (-)	29,30,32	(755)	(5)
-		Capital contributions provided by controlling companies or minority shareholders		-	-
(62)		Dividends paid to controlling companies or minority shareholders (-)		-	(63)
(427)		Changes in short-term financial debt		575	(133)
(1.221)	**C.**	**Cash from (used in) financing activities**		**70**	**(201)**
(243)	**D.**	**Net change in cash and cash equivalents (A+B+C)**		**(39)**	**144**
319	**E.**	**Cash and cash equivalents at the beginning of the period**		**76**	**319**
-	**F.**	**Net cash and cash equivalents from discontinued operations**		**-**	**-**
76	**G.**	**Cash and cash equivalents at the end of the period (D+E+F)**		**37**	**463**
76	**H.**	**Total cash and cash equivalents at the end of the period (G)**		**37**	**463**
-	**I.**	**(-) Cash and cash equivalents from discontinued operations**		**-**	**-**
76	**L.**	**Cash and cash equivalents from continuing operations (H-I)**		**37**	**463**

(*)These amounts have been restated to reflect the new presentation, as of the 2014 reporting year, of the fair value of physical contracts included in the trading portfolios.

Statement of Changes in Shareholders' Equity

(in millions of euros)	Share capital	Statutory reserve	Other reserves and retained earnings	Reserve for other components of comprehensive income			Profit (Loss) for the period	Total share-holders' equity
				Cash flow hedge reserve	Reserve for available-for-sale investments	Actuarial gains (losses)		
Balance at December 31, 2013	**5.292**	**128**	**509**	**(8)**	**-**	**-**	**78**	**5.999**
Appropriation of the 2013 profit	-	4	11	-	-	-	(15)	**-**
Actuarial gains (losses)	-	-	-	-	-	-	-	**-**
Dividend distribution	-	-	-	-	-	-	(63)	**(63)**
Total comprehensive profit (loss) for the first half of 2014	**-**	**-**	**-**	**99**	**-**	**-**	**15**	**114**
including: Change in comprehensive income for the period	-	-	-	99	-	-	-	**99**
Profit (Loss) for the first half of 2014	-	-	-	-	-	-	15	**15**
Balance at June 30, 2014	**5.292**	**132**	**520**	**91**	**-**	**-**	**15**	**6.050**
Total comprehensive profit (loss) for the second half of 2014	**-**	**-**	**-**	**(414)**	**-**	**(3)**	**(52)**	**(469)**
including: Change in comprehensive income for the period	-	-	-	(414)	-	(3)	-	**(417)**
Profit (Loss) for the second half of 2014	-	-	-	-	-	-	(52)	**(52)**
Balance at December 31, 2014	**5.292**	**132**	**520**	**(323)**	**-**	**(3)**	**(37)**	**5.581**
Appropriation of the 2014 profit	-	-	(37)	-	-	-	37	**-**
Actuarial gains (losses)	-	-	-	-	-	-	-	**-**
Total comprehensive profit (loss) for the first half of 2015	**-**	**-**	**-**	**128**	**1**	**-**	**(203)**	**(74)**
including: Change in comprehensive income for the period	-	-	-	128	1	-	-	**129**
Profit (Loss) for the first half of 2015	-	-	-	-	-	-	(203)	**(203)**
Balance at June 30, 2015	**5.292**	**132**	**483**	**(195)**	**1**	**(3)**	**(203)**	**5.507**

NOTES TO THE CONDENSED SEMIANNUAL FINANCIAL STATEMENTS OF EDISON SPA, THE GROUP’S PARENT COMPANY, AT JUNE 30, 2015

ACCOUNTING POLICIES

Content and Presentation

The condensed semiannual financial statements of Edison Spa at June 30, 2015, were prepared pursuant to Article 154-*ter* of Legislative Decree No. 58 of February 24, 1998, as amended, and, as interim financial statements, are consistent with the provisions of IAS 34 Interim Financial Reporting. These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), based on the text published in the *Official Journal of the European Union (O.J.E.U.).*

Methods Applied to the Preparation of the Condensed Semiannual Financial Statements

Please note that the accounting principles applied are consistent with those used for the Separate Financial Statements at December 31, 2014 and that, effective as January 1, 2015, the new interpretation **IFRIC 21** “**Levies**” will be applicable retroactively. This interpretation sets forth the criteria applicable to determine when liabilities for levies should be recognized in the financial statements. These liabilities can be recognized either gradually or in a lump sum upon the occurrence of the obligating event. This interpretation did not have a significant impact on the Company’s financial statements.

The Board of Directors, meeting on **July 29, 2015,** authorized the publication of these Condensed Semiannual Financial Statements of the Group’s Parent Company, which were the subject of a limited audit by Deloitte & Touche Spa in accordance with an assignment awarded by the Shareholders’ Meeting of April 26, 2011 for a period of nine years (2011-2019), pursuant to Legislative Decree No. 39 of January 27, 2010.

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

Use of Estimated Values

The preparation of the Condensed Semiannual Financial Statements of the Group’s Parent Company at June 30, 2015 and the accompanying notes required 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 may arise upon the occurrence of the relevant events could differ from these estimates. The estimates and assumptions used are revised on an ongoing basis, and the impact of any such revisions is immediately recognized in the income statement. In general the use of estimated values is particularly relevant for depreciation, valuation of derivative instruments, determination of risk provision and allowances, advances paid under long-term natural gas supply contracts as well as for *impairment test*.

For a more detailed description of the main estimating processes applied, unchanged compared with the previous year, please consult the section of the separate financial statements at December 31, 2014 entitled "Valuation Criteria – Use of Estimated Values."

Comparability

The data for the first half of 2014 were restated, for comparison purposes, to make them consistent with the first half of 2015 because, in order to provide a better presentation of the income statement and the balance sheet, some items were reclassified, including:

1) in the income statement:
   - the presentation as part of sales revenues of gains realized on derivatives included in the industrial portfolios and the financial trading margin, previously included respectively in "Other revenues and income" and "Raw materials and services used;"
   - the presentation as part of EBIT of "Other income (expense), net," previously classified into "Profit (Loss) before taxes;"
2) in the balance sheet:
   - the inclusion of the fair value of physical commodity contracts into the trading portfolio as part of "Other receivables and payables" and no longer as part of "Trade payables."

For the sake of greater clarity, the schedules that follow show the effects, at June 30, 2014, of these reclassifications on the:

- income statement;
- balance sheet;

In the statement of cash flows, no relevant effects related to the reclassifications described above.

Income Statement for the First Half of 2014 Restated

(in millions of euros)	First half 2014 as published	Change	First half 2014 restated
Sales revenues	2,230	185	2,415
Other revenues and income	235	(185)	50
Total revenues	**2,465**	**-**	**2,465**
EBITDA	**(131)**	**-**	**(131)**
Other income (expense), net	-	(9)	(9)
EBIT	**(87)**	**(9)**	**(96)**
Other income and (expense), net	(9)	9	-
Profit (Loss) before taxes	**(8)**	**-**	**(8)**
Profit (Loss) from continuing operations	**15**	**-**	**15**
Profit (Loss) for the period	**15**	**-**	**15**

Balance sheet at June 30, 2014 Restated

(in millions of euros)	6/30/14	Change	6/30/14 restated
ASSETS			
Total non-current assets	**6,775**	**-**	**6,775**
Trade receivables	676	(72)	604
Other receivables	706	72	778
Total current assets	**4,877**	**-**	**4,877**
Assets held for sale	**-**	**-**	**-**
Total assets	**11,652**	**-**	**11,652**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Total shareholders' equity	**6,050**	**-**	**6,050**
Total non-current liabilities	**2,420**	**-**	**2,420**
Trade payables	818	(73)	745
Other liabilities	326	73	399
Total current liabilities	**3,182**	**-**	**3,182**
Liabilities held for sale	**-**	**-**	**-**
Total liabilities and shareholders' equity	**11,652**	**-**	**11,652**

NOTES TO THE INCOME STATEMENT

Operating Performance in the First Half of 2015

Edison Spa reported a **net loss** of 203 million euros at June 30, 2015, as against a net profit of 15 million euros in the first half of 2014.

In the first six months of 2015, **sales revenues** totaled 2,664 million euros, for a gain of 10.3% compared with the same period last year (2,415 million euros).

More specifically, for the **hydrocarbons operations** the increase in revenues (9.3%) is the result of higher sales volumes, boosted by colder weather than the previous year, which offset the impact of a decrease in average sales prices for natural gas, while the shortfall reported by the **electric power operations** (13.9%) primarily reflects the effect of lower average sales prices driven by the trend in the benchmark scenario and by the positive effects arising from intercompany contract signed with E2i Energie Speciali Srl.

EBITDA were negative by 148 million euros (negative EBITDA of 131 million euros in the first half of 2014). More in detail:

- The EBITDA of the **hydrocarbons operations** were negative by 142 million euros (negative EBITDA of 98 million euros in the first half of 2014). The result for the first half of 2014 primarily reflects the impact of the ongoing compression of the margins generated by the activities involved in buying and selling natural gas, due mainly to the slump in crude oil prices. For this reason, Edison is committed to pursuing to completion a second round of price renegotiations for all of its gas procurement contracts, in the belief that it is essential to restore a reasonable level of profitability to its portfolio of multi-year contracts. The Exploration & Production operations, which contribute positively to results (+10,9%), are, however, also being adversely affected by falling prices in the crude oil market.
- The EBITDA of the **electric power operations** were positive by 40 million euros (positive by 26 million euros in the first half of 2014), benefiting from the trend in the price benchmark scenario and from the positive effects arising from intercompany agreement signed with E2i Energie Speciali Srl.

EBIT were negative by 323 million euros (96 million euros in the first half of 2014 restated). They reflect, in addition to the loss as the EBITDA level, the effects of the following factors:

- a negative impact of 53 million euros generated by the net change in fair value of commodity and foreign exchange derivatives (positive impact of 150 million euros in the first half of 2014);
- charges totaling 111 million euros for depreciation, amortization and writedowns of non-current assets (106 million euros in the first half of 2014);
- 11 million euros in net other expense (9 million euros in net other expense in the first half of 2014), consisting mainly of legal costs.

In addition to the industrial margin dynamics discussed above, the following factors affected this year's performance in comparison with the first half of 2014:

- **Net financial income** of 26 million euros (net financial expense of 38 million euros in the first half of 2014), mainly attributable to net foreign exchange gains transactions driven by a favorable trend in the EUR/USD exchange rate, recording positive results from hedging derivative;
- **Net income on equity investments** of 52 million euros (126 million euros in the first half of 2014) and consists mainly of dividends from investee companies (69 million euros compared with 178 million euros in the first half of 2014), net of 17 million euros in writedowns of equity investments recognized to adjust the corresponding carrying amounts (59 million euros in the first half of 2014);
- **Income taxes,** positive by 42 million euros, (23 million euros in the first six months of 2014), which reflect negatively for 33 million euros by the discontinuation of net deferred tax assets in connection with a decision published on February 11, 2015 by which the Constitutional Court ruled that the Robin Hood Tax was unconstitutional.

1. Sales Revenues– 2,664 million euros

(in millions of euros)	First half 2015	First half 2014 (*)	Change	% change
Revenues from the sales of:				
- Natural gas	1.857	1.646	211	12,8%
- Electric power	482	408	74	18,1%
- Oil	45	69	(24)	(34,8%)
- Steam	18	22	(4)	(18,2%)
- Green certificates and CO_2 emissions rights	59	59	-	n.m.
- Cpommodity and foreign exchange derivatives	178	185	(7)	(3,8%)
- Sundry items	1	-	1	n.m.
Revenues from the sale of products	**2.640**	**2.389**	**251**	**10,5%**
Service revenues	19	21	(2)	(9,5%)
Power plant maintenance revenues	4	4	-	n.m.
Transmission revenues	1	1	-	n.m.
Revenues from the provision of services	**24**	**26**	**(2)**	**(7,7%)**
Total sales revenues	**2.664**	**2.415**	**249**	**10,3%**
breakdown by business segment:				
Hydrocarbons operations	2.087	1.910	177	9,3%
Electric power operations	566	497	69	13,9%
Corporate activities	11	8	3	37,5%
Total sales revenues	**2.664**	**2.415**	**249**	**10,3%**

(*) Data restated to reflect the new presentation of derivatives, as of the 2014 reporting year.

An analysis by business segment is provided below:

- The **hydrocarbons operations** reported sales revenues of 2,087 million euros, for a gain of 9.3% compared with the first half of 2014, thanks to higher sales volumes (+29%), mainly in the thermoelectric segment, that more than offset the impact of a decline in average sales prices driven by the benchmark scenario.
- The sales revenues of the **electric power operations** increased to 566 million euros, up 13.9% compared with the first half of 2014, due mainly to the effect of improving average sales prices, consistent with the trend in the benchmark scenario and by the positive effects arising from intercompany contract signed with E2i Energie Speciali Srl.
- The revenues generated by the **corporate activities** refer to services provided to third parties, consisting mainly of coordination activities provided by Edison to Group companies and engineering services.

Realized commodity derivatives, which should be viewed concurrently with the corresponding cost included in **Raw materials and services used** (107 million euros), reflect mainly the results of commodity and foreign exchange hedges executed to mitigate the risk of price fluctuations on natural gas purchases used by the facilities in the Edison Group portfolios and gas earmarked for direct sales. This result is attributable to fluctuation in the commodity and foreign exchange markets in the reporting period, during which oil market prices showed significant decreases, with the EUR/USD exchange rate also trending downwards.

It is also worth mentioning that **realized commodity derivatives** include about 1 million euros from Edison Energia, 16 million euros from Edison Trading and 24 million euros from EDF Trading Limited.

A comprehensive presentation of the effects of these transactions is provided in a separate disclosure in the section of the condensed consolidated semiannual financial statements entitled "Financial Risk Management."

Margin on Trading Activities

The table below shows the results from trading activities, which are included in sales revenues, generated by trading in financial and physical energy commodity contracts held in the trading portfolios:

(in millions of euros)	**First half 2015**	**First half 2014**	Change	% change
Margin on physical trading activities				
Sales revenues	213	681	(468)	(68,7%)
Raw materials and services used	(213)	(681)	468	(68,7%)
Total included in sales revenues	**-**	**-**	**-**	**n.m.**
Margin on financial trading activities				
Sales revenues	-	1	(1)	n.m.
Raw materials and services used	-	(1)	1	n.m.
Total included in sales revenues	**-**	**-**	**-**	**n.m.**
Total margin on trading activities	**-**	**-**	**-**	**n.m.**

A comprehensive presentation of the effects of these transactions is provided in a separate disclosure in the section of the condensed consolidated semiannual financial statements entitled "Financial Risk Management."

2. Other Revenues and Income – **49 million euros**

(in millions of euros)	**First half 2015**	**First half 2014 (*)**	Change	% change
Recovery of costs from partners in hydrocarbon exploration projects	12	13	(1)	(7,7%)
Reversals of allowances for doubtful accounts and sundry provisions	-	5	(5)	n.m.
Out-of-period income and sundry items	37	32	5	15,6%
Total other revenues and income	**49**	**50**	**(1)**	**(2,0%)**

(*) Data restated to reflect the new presentation of derivatives, as of the 2014 reporting year.

3. Raw Materials and Services Used – **2,793 million euros**

(in millions of euros)	First half 2015	First half 2014 (*)	Change	% change
- Natural gas	2.001	1.800	201	11,2%
- Electric power	46	8	38	n.m.
- Green certificates	-	23	(23)	n.m.
- Blast-furnace, recycled and coke-oven furnace gas	-	8	(8)	n.m.
- CO_2 emissions rights	12	10	2	20,0%
- Demineralized industrial water	-	1	(1)	n.m.
- Oil and fuel	8	2	6	n.m.
- Utilities and other materials	14	20	(6)	(30,0%)
Total	**2.081**	**1.872**	**209**	**11,2%**
- Transmission of natural gas	252	205	47	22,9%
- Realized commodity and foreign exch. derivatives	107	116	(9)	n.m.
- Regasification fee	60	56	4	7,1%
- Facilities maintenance	44	52	(8)	(15,4%)
- Professional services	24	25	(1)	(4,0%)
- Change in inventories	115	77	38	49,4%
- Accruals to provisions for risks	4	6	(2)	(33,3%)
- Margin on physical trading activities	-	-	-	n.m.
- Sundry charges	106	119	(13)	(10,9%)
Total materials and services used	**2.793**	**2.528**	**265**	**10,5%**
breakdown by business segment:				
Hydrocarbons operations	2.599	2.331	268	11,5%
Electric power operations	147	136	11	8,1%
Corporate activities	47	61	(14)	(23,0%)
Total	**2.793**	**2.528**	**265**	**10,5%**

(*) Data restated to reflect the new presentation of derivatives, as of the 2014 reporting year.

The increase in purchasing costs of **natural gas** compared with the first half of 2014, which should be analyzed in conjunction with the **change in inventories,** is partly due to higher gas imports (+25,8%).

The increase of **electric** power purchases is influenced by the positive effects arising from intercompany contract signed with E2i Energie Speciali Srl.

An increase in gas imports and the higher rates charged are the reasons for the increase in **transmission** costs.

The **regasification fee** (60 million euros) reflects the charges paid to Terminale GNL Adriatico Srl for regasification of liquefied gas originating from Qatar.

The **accruals to provisions for risks,** amounting to 4 million euros, include accruals for future charges in the industrial area.

4. Labor Costs – **68 million euros**

This figure is unchanged from the first half of 2014. It should be noted that the number of employees at the end of period amounted to 1.500 units (1.505 at June 30, 2014), while the mean value is 1.507 units (1.532 at June 30, 2014).

5. EBITDA – **(148) million euros**

(in millions of euros)	First half 2015	as a % of sales revenues	First half 2014	as a % of sales revenues	% change
Hydrocarbons operations	(142)	(6,8%)	(98)	(5,1%)	44,9%
Electric power operations	40	7,1%	26	5,2%	53,8%
Corporate activities	(46)	n.m.	(59)	n.m.	(22,0%)
Total	**(148)**	**(5,6%)**	**(131)**	**(5,4%)**	**13,0%**

The performance of the different business segments is reviewed below:

- The EBITDA of the **hydrocarbons operations** were negative by 142 million euros, compared with negative EBITDA of 98 million euros in the same period last year. This result reflects the performance of the activities engaged in buying and selling natural gas, whose unit sales margins, while the Company is pursuing a second round of renegotiations, are still on average negative.

With regard to production and procurement, it is worth mentioning that, in comparison with the first half of 2014, the production marketed in Italy increased thanks to the contribution of the Izabela field in Croatia and the Fauzia field, which came on stream in July 2014 and November 2014, respectively. There were also increases in imports of natural gas via pipeline and LNG (+25,8%) and in the volumes drawn from the stored gas inventory, in response to a gain in sales driven by colder weather than in the first half of 2014 and higher demand by thermoelectric users (+17%) that reflects increased consumption by the Group's thermoelectric power plants.

While the margins also highlights the decline of the Exploration and Production activities, which while remaining largely positive, they decreased reflecting the negative impact of sharply lower prices in the crude oil market.

- The EBITDA of the **electric power operations** were positive by 40 million euros, up from 26 million euros in the same period last year. This result primarily reflects the effect of higher average sales prices driven by the trend in the benchmark scenario and by the positive effects arising from intercompany contract signed with E2i Energie Speciali Srl.

6. Net Change in Fair Value of Derivatives (Commodities and Foreign Exchange) – **(53) million euros**

(in millions of euros)	First half 2015	First half 2014	Change	% change
Change in fair value in hedging the price risk on energy products:	**(103)**	**118**	**(221)**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	(15)	2	(17)	n.m.
- not definable as hedges pursuant to IAS 39	(88)	116	(204)	n.m.
Change in fair value in hedging the foreign exchange risk on commodities:	**50**	**32**	**18**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	1	(2)	3	n.m.
- not definable as hedges pursuant to IAS 39	49	34	15	n.m.
Total	**(53)**	**150**	**(203)**	**n.m.**

(*) Reflects the ineffective portion.

This line item reflects the change in fair value for the period of commodity and foreign exchange derivatives executed as economic hedges of the Industrial Portfolio. This amount sharply decreased, compared with the previous reporting period, when the fair value was positive by a substantial amount: the net change for the period mainly reflects the partial reversal of the positive fair value of December 2014 as a consequence of the commodities' delivery and the realization of related derivatives.

7. Depreciation, Amortization and Writedowns – 111 million euros

(in millions of euros)	First half 2015	First half 2014	Change	% change
Depreciation of property, plant and equipment	102	98	4	4,1%
Amortization of hydrocarbon concessions	4	6	(2)	(33,3%)
Amortization of other intangible assets	5	1	4	n.m.
Total amortization and depreciation	**111**	**105**	**6**	**5,7%**
Writedown of property, plant and equipment	-	1	(1)	n.m.
Total writedowns	**-**	**1**	**(1)**	**n.m.**
Total	**111**	**106**	**5**	**4,7%**
Breakdown by business segment:				
Hydrocarbons operations	32	26	6	23,1%
Electric power operations	75	75	-	n.m.
Corporate activities	4	5	(1)	(20,0%)
Total	**111**	**106**	**5**	**4,7%**

In particular in the **hydrocarbons** segment the amount of 32 million euros, for an increase of 6 million euros compared with the same period last year, reflects a change in the extraction profiles of hydrocarbon deposits. The amortization of hydrocarbon concession costs amounted to 4 million euros.

8. Other Income (Expense), Net – (11) million euros

Net other expense, which increased by 2 million euros compared with the same period last year (9 million euros), represents nonrecurring items that are not directly related to the Group's core industrial operations. Legal costs concerning the former Montedison Group make up most of the balance at June 30, 2015.

9. Net Financial Income (Expense) – 26 million euros

(in millions of euros)	First half 2015	First half 2014	Change
Financial income			
Financial income from Group companies	26	30	(4)
Financial income from financial derivatives	14	35	(21)
Other financial income	1	1	-
Total financial income	**41**	**66**	**(25)**
Financial expense			
Interest paid on bond issues	(16)	(35)	19
Fair value adjustment on bond issues	7	-	7
Financial expense on financial derivatives	(13)	(23)	10
Financial expense paid to EDF	(13)	(12)	(1)
Financial expense on decommissioning projects	(9)	(8)	(1)
Financial expense paid to Group companies	(2)	(9)	7
Bank fees	(2)	(3)	1
Interest paid to banks	(1)	(1)	-
Interest paid to other lenders	(2)	-	(2)
Other financial expense	(5)	(9)	4
Total financial expense	**(56)**	**(100)**	**44**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains:	**154**	**20**	**134**
- amount with EDF	102	6	96
- amount with others	52	14	38
Foreign exchange translation losses:	**(113)**	**(24)**	**(89)**
- amount with EDF	(20)	(12)	(8)
- amount with others	(93)	(12)	(81)
Total foreign exchange translation gains (losses)	**41**	**(4)**	**45**
Total net financial income (expense)	**26**	**(38)**	**64**

The positive change compared with the first half of 2014 is chiefly attributable to **net foreign exchange translation gains** resulting from the effect of a favorable trend in the EUR/USD exchange rate, which had a positive impact on derivative transactions executed to minimize the foreign exchange risk associated with disbursements for fuel procurement and checking accounts denominated in foreign currencies. Another important contributing factors was the reduction in financial expense due to a reduced debt level and the lower cost resulting from a different mix of financial resources.

Lastly, please note that **other financial expense** includes 2 million euros in financial charges to update provisions for risks and 1 million euros for securitization transactions.

9. Income from (Expense on) Equity Investments – **52 million euros**

(in millions of euros)	First half 2015	First half 2014	Change
Income from equity investments			
Dividends	69	178	(109)
Revaluation of trading securities	1	1	-
Gain on divestment	-	6	(6)
Total income from equity investments	**70**	**185**	**(115)**
Expense on equity investments			
Writedowns of equity investments	(18)	(59)	41
Total expense on equity investments	**(18)**	**(59)**	**41**
Income from (Expense on) equity investments, net	**52**	**126**	**(74)**

More specifically:

- **Dividends,** which decreased compared with the first half of 2014, include those distributed to Edison Stoccaggio (18 million euros), Edison Idrocarburi Sicilia (15 million euros), Edison Partecipazioni Energie Rinnovabili (6 million euros), Edison DG (5 million euros) and Hydros, Dolomiti Edison Energia and Jesi Energia (4 million euros);
- **Writedowns** in order to recognize losses recorded by some subsidiaries (Edison International Holding and Gever in particular). For further details see information provided in Note 18.

11. Income Taxes – **(42) million euros**

(in millions of euros)	First half 2015	First half 2014	Change
Current taxes	(44)	(23)	(21)
Net deferred-tax liabilities (assets)	2	-	2
Total	**(42)**	**(23)**	**(19)**

A significant development in the first half of 2015 was the repeal of the Robin Hood tax, an IRES surcharge levied on companies in the oil and energy sector, at a rate of 6.5% until 2014, pursuant to Decree Law No. 11/2008, converted into Law No. 133/2008, as amended. By a decision handed down on February 11, 2015 and published in the *Official Gazette of the Italian Republic* the same day, the Constitutional Court ruled that the abovementioned IRES surcharge was unconstitutional, effective as of the day after the publication of its decision. Consequently, the **deferred tax assets** and the **provision for deferred taxes** recognized for this corporate income tax surcharge were derecognized, with a net negative effect of 33 million euros.

Current taxes reflect the benefit resulting from the use of the corporate income tax losses contributed by the Company to the national consolidate income tax return filed by its controlling company Transalpina di Energia Spa.

12. Profit (Loss) from Discontinued Operations

This item had a zero balance at June 30, 2015.

NOTES TO THE BALANCE SHEET

Assets

13. Property, Plant and Equipment – 2,480 million euros

(in millions of euros)	Land and buildings	Plant and machinery	Manufacturing and distribution equipment	Other assets	Constr. in progress and advances	Total
Balance at 12/31/14 (A)	**371**	**2,062**	**2**	**3**	**100**	**2,538**
Changes in the first half of 2015:						
- Additions	-	5	-	-	39	44
- Disposals (-)	-	(1)	-	-	-	(1)
- Depreciation (-)	(6)	(95)	-	-	-	(101)
- Other changes	1	2	-	-	(3)	-
Total changes (B)	**(5)**	**(89)**	**-**	**-**	**36**	**(58)**
Balance at 6/30/15 (A+B)	**366**	**1,973**	**2**	**3**	**136**	**2,480**

The total asset amount includes 136 million euros for **construction in progress and advances,** attributable almost exclusively to the **hydrocarbons operations,** used mainly for the development of onshore and offshore oil and gas fields in Italy.

The main changes that occurred in the first half of 2015 are reviewed below:

- **Additions** of 44 million euros include the following:
  - 8 million euros for the **electric power operations,** mainly to replace equipment components at some hydroelectric and thermoelectric power plants;
  - 35 million euros for the **hydrocarbons operations**, invested to develop the Vega and the Clara platforms.
- **Depreciation** increased to 101 million euros, up 4 million euros compared with 97 million euros in the first six months of 2014; more detailed information is provided in Note 7 "Depreciation, Amortization and Writedowns."

No amount of financial expense was capitalized in property, plant and equipment in the reporting period, consistent with the requirements of IAS 23 Revised.

14. Investment Property – 6 million euros

The figure, which consists of land and buildings not for production purposes, is unchanged from December 31, 2014.

15. Goodwill – 2,287 million euros

Goodwill was unchanged compared with December 31, 2014. The residual value of goodwill is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments and must be tested for impairment at least once a year. The method applied to determine the value of goodwill is consistent with the criteria for allocation by business segment, which are set forth in the definition of cash generating units provided in the Notes to the Consolidated Financial Statements at December 31, 2014.

16. Hydrocarbon Concessions – 108 million euros

The value of the concessions for the production of hydrocarbons, which included 47 hydrocarbon production leases in Italy, decreased by 4 million euros compared with December 31, 2014, due mainly to the amortization for the period.

17. Other Intangible Assets – 76 million euros

The main component of this item is a 76-million-euro intangible asset recognized in 2014 to reflect the value of an offtake contract for electric power with a total duration of 10 years (9 years remaining), executed in connection with the transaction establishing a new renewable energy hub; patents, licenses and similar rights account for the balance.
During the first six months of 2015, no costs were capitalized for successful explorations projects leading to development activities.

Impairment test applied to the Assets in accordance with IAS 36

In the first half of 2015, as already described in the correspondent paragraph of the Condensed Consolidated Semiannual Financial Statements, the Group performed updated impairment tests of the individual Cash Generating Units (CGUs), whenever specific impairment indicators affecting recoverable values were detected, as required by IAS 36.
Insofar as goodwill is concerned, an analysis of the main economic and scenario variables failed to produce, also with regard to the 2015 budget, specific triggers pointing to the need for an impairment test at the semiannual level. With reference to the above, for Edison Spa , in the period under review, no impairment indicators

18. Investments in Associates and Available-for-sale Investments – 1,553 million euros

(in millions of euros)	Investments in associates	Available-for-sale investments	Total
Balance at 12/31/14 (A)	**1,433**	**174**	**1,607**
Changes in the first half of 2015:			
- Additions	3	-	3
- Distribution of share capital and reserve	(38)	(2)	(40)
- Reval. (+)/Writedowns (-) recog. in P&L	(18)	-	(18)
- Reval. (+)/Writedowns (-) recog. in equity	-	1	1
Total changes (B)	**(53)**	**(1)**	**(54)**
Balance at 6/30/15 (A+B)	**1,380**	**173**	**1,553**

More in detail:

- **Investments in associates** include 1,307 million euros in investments in subsidiaries and 73 million euros in investments in affiliated companies and joint ventures;
- **Available-for-sale investments** include 163 million euros for a 7.297% interest in Terminale GNL Adriatico Srl, the company that owns the offshore regasification terminal near Porto Viro (RO).

The main changes are reviewed below:

- The entire amount of the **distribution of share capital and reserves** refers to share capital distributions carried out by Terminale GNL Adriatico Srl (2 million of euro) and Edison Partecipazioni Energie Rinnovabili (38 million of euro);

- **Writedowns recognized in profit or loss** reflects for the most part adjustments made to the carrying values of some equity investments, as explained in Note 9, earlier in this Report. It should be also noted write-downs recognized by subsidiary Edison International Holding NV which holds, through its subsidiaries, activities in Greece. Moreover, Edison International Holding NV is exposed financially in Greece, while being mindful of the continuously evolving current financial and political situation, management believes that the adoption of additional measures would have been premature, also for the high variability of the scenarios, waiting instead for a clearer indication of future developments and, obviously, maintaining a strict and close control of the variables of economic environment, financial and regulatory.

19. Other Financial Assets – 11 million euros

This item, which decreased by 8 million euros compared with December 31, 2014, represents loans receivable due in more than one year.

20. Deferred-tax Assets – 181 million euros

(in thousands of euros)	6/30/15	12/31/14	Change
Deferred-tax liabilities:			
- Differences in the valuation of property, plant and equipment	44	55	(11)
- Differences in the valuation of property, plant and equipment	(89)	(108)	19
- Adoption of standard on finance leases (IAS 17)	20	25	(5)
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	-	-	-
- shareholders' equity	-	-	-
- Other deferred taxes	2	-	2
Total deferred-tax liabilities (A)	**(23)**	**(28)**	**5**
Deferred-tax assets usable for offset purposes:			
- Tax assets for tax losses	32	22	10
- Taxed provisions for risks	40	41	(1)
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	-	-	-
- shareholders' equity	85	146	(61)
- Other prepaid taxes	1	6	(5)
Total deferred-tax assets (B)	**158**	**215**	**(57)**
Net deferred-tax liabilities (A-B)	**(181)**	**(243)**	**62**

The table above provides a breakdown based on the type of temporary differences, taking into account that, since deferred-tax assets met the requirements of IAS 12, they were offset against deferred-tax liabilities. The valuation reflects the assumption of probable realization and recoverability for tax purposes, based on the realization period.

21. Other Assets – 291 million euros

(in millions of euros)	6/30/15	12/31/14	Change
Advances on take-or-pay gas contracts	267	144	123
Tax refunds receivable	8	8	-
Security deposits	3	4	(1)
Other receivables	13	7	6
Total other assets	**291**	**163**	**128**

Please note that advances paid under long-term natural gas supply contracts refer to gas volumes that Edison Spa was unable to take delivery of but is now required to pay for, due to take-or-pay contract clauses. However, these volumes can be made up over the remaining term of the contracts.

22. Current Assets – 3,889 million euros

(in millions of euros)	6/30/15	12/31/14	Change
Inventories	115	230	(115)
Trade receivables	706	726	(20)
Current tax assets	15	15	-
Other receivables	1,239	1,290	(51)
Current financial assets	1,777	2,162	(385)
Cash and cash equivalents	37	76	(39)
Total current assets	**3,889**	**4,499**	**(610)**

More in detail:

- **Inventories,** which when necessary are aligned to their estimated realizable value, consist mainly of stored hydrocarbon products, valued at 97 million euros (212 million euros at December 31, 2014) and supplies and equipment used to maintain and operate the Company's production facilities totaling 17 million euros. Inventories also include, for 24 million euros, restricted quantities of stored natural gas earmarked for use as a strategic reserve and to secure the balancing system.
- A breakdown of **trade receivables** by business segment is provided below:

(in millions of euros)	6/30/15	12/31/14	Change
Hydrocarbons operations	429	596	(167)
Electric power operations	277	130	147
Total trade receivables	**706**	**726**	**(20)**
Broken down as follows:			
- amount owed by outside customers	328	*400*	*(72)*
- amount owed by subsidiaries and affiliated companies	378	*326*	*52*
Total trade receivables	**706**	**726**	**(20)**
Allowance for doubtful accounts	**(40)**	**(36)**	**(4)**

Trade receivables originate mainly from contracts to supply electric power, steam and natural gas.
Trade receivables are shown net of an allowance for doubtful accounts of 40 million euros. The table below shows the changes that occurred in this allowance in 2015:

(in millions of euros)	Balance at 12/31/14	Utilizations	Additions	**Balance at 6/30/15**
Total	**36**	**(1)**	**5**	**40**

The **allowance for doubtful accounts** derives from an assessment of the various credit statuses carried out in accordance with the relevant Edison Group policy and taking into account the customer segment and the corresponding past due amounts and account aging.
Please note that Edison Spa carries out on a regular basis transactions irrevocably assigning receivables without recourse, both on a revolving monthly and quarterly basis and on a spot basis; for additional details please consult the disclosure in the section entitled "Group Financial Risk Management".

The largest trade receivables owed by subsidiaries and affiliated companies are those payable by Edison Energia (206 million euros), Edison Trading (163 million euros) and Termica Milazzo (7 million euros).

- **Current-tax assets** includes 10 million euros receivable from the revenue administration for the Robin Hood corporate income tax surcharge and 5 million euros receivable from the revenue administration for the regional tax (IRAP) accrued in previous years.

- A breakdown **of other receivables,** stemming mainly from derivative transactions, is provided below:

(in millions of euros)	6/30/15	12/31/14	Change
Valuation of derivatives			
- Amount owed by subsidiaries	139	231	(92)
- Amount owed by EDF Trading	44	66	(22)
- Amount owed by outsiders	650	710	(60)
Amount owed by Transalpina di Energia Spa - for consolidated tax return	177	134	43
Amounts owed by partners and associates in hydrocarbon exploration projects	32	46	(14)
Technical, administrative and financial services to Group companies	37	21	16
VAT receivable from revenue administration	66	7	59
Sundry items	94	75	19
Total	**1,239**	**1,290**	**(51)**
Allowance for doubtful accounts	**(16)**	**(16)**	-

The decrease in **receivables deriving from the fair value measurement of industrial portfolio activity derivatives** should be analyzed in conjunction with the corresponding liability included in **current liabilities** (down from 1,256 million euros to 878 million euros). This result is mainly due to the fluctuation of exchange rate. For additional details please consult the disclosure in the section entitled "Group Financial Risk Management".

- A breakdown of **current financial assets** is provided below:

(in millions of euros)	6/30/15	12/31/14	Change
Loans receivable	1,730	2,115	(385)
Derivatives	45	45	-
Equity investments held for trading	2	2	-
Total current financial assets	**1,777**	**2,162**	**(385)**

More in detail:

- **Loans receivable** reflect financial transactions with subsidiaries and affiliated companies. They represent the balances in the corresponding intercompany current accounts and loans provided to the abovementioned companies, including 1,000 million euros owed by Edison International Spa, 251 million euros owed by Edison Stoccaggio, 174 million euros owed by Edison Energia Spa, 129 million euros owed by Edison Norge, 78 million euros owed by Infrastrutture Trasporto Gas and 33 million euros owed by Edison DG;
- The entire amount shown for **derivatives** refers to the fair value of outstanding derivatives that hedge the risk of fluctuations in interest rates and foreign exchange parities.
- **Equity investments held for trading** refers to investments in listed companies that were marked to market at the end of the reporting period.

- **Cash and cash equivalents,** which totaled 37 million euros (76 million euros at December 31, 2014), consist of short-term deposits in bank and postal accounts and other readily available assets.

23. Assets Held for Sale

This account had a zero balance.

Liabilities and Shareholders' Equity

24. Shareholders' Equity – **5,507 million euros**

Edison's shareholders' equity decreased to 5,507 million euros, or 74 million euros less than at December 31, 2014, when it totaled 5,581 million euros.

A breakdown of shareholders' equity and the changes in the first half of 2015 are detailed in the "Statement of Changes in Shareholders' Equity." The main changes include the following:

- 203 million euros for the loss for the period;;
- 128 million euros for the positive change in the cash flow hedge reserve;

The main component of **Other reserves** deriving principally from the adjustment to fair value as the deemed cost of property, plant and equipment upon transition to the IFRSs.

The share capital of Edison Spa consists of shares with a par value of 1 euro each, regular ranking for dividends. A breakdown is as follows:

Share class	Number of shares	Millions of euros
Common shares	5,181,545,824	5,182
Savings shares	110,154,847	110
Total		**5,292**

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

Reserve for cash flow hedge transactions

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2014	(469)	146	(323)
- Change in the first half of 2015	189	(61)	128
Reserve at June 30, 2015	**(280)**	**85**	**(195)**

The change in the reserve balance reflects variations in the benchmark scenarios, particularly in the commodity and foreign exchange markets.

Reserve for actuarial gains and losses (IAS 19)

(in millions of euros)	Reserve
Reserve at December 31, 2014	(3)
- Change in the first half of 2015	-
Reserve at June 30, 2015	**(3)**

Reserve for available-for-sale investments

(in millions of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2014	-	-	-
- Change in the first half of 2015	1	-	1
Reserve at June 30, 2015	**1**	**-**	**1**

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

This provision, unchanged compared with December 31, 2014, reflects the accrued severance indemnities and other benefits owed to employees at the end of the reporting period. Actuarial gains and losses, the net amount of which was 2 million euros at June 30, 2015, are recognized directly in equity. A valuation in accordance with the actuarial criteria of IAS 19 was performed only for the liability corresponding to the Provision for employee severance indemnities that is still held by the Company.

Insofar as the economic and financial scenario is concerned, the following parameters were used for valuation purposes:

	6/30/15	12/31/14
- Technical annual discount rate	2.20%	2.20%
- Annual inflation rate	2.00%	2.00%

26. Provision for Deferred Taxes

Since it met the requirements of IAS 12, this item was offset against available deferred-tax assets. Please see the note on deferred-tax assets for additional information.

27. Provisions for Risks and Charges – 761 million euros

(in millions of euros)	12/31/14	Additions	Utilizations	Other changes	6/30/15
- Risks for disputes, litigation and contracts	139	1	(10)	-	130
- Charges for contractual guarantees on sale of equity investments	75	-	-	-	75
- Environmental risks	65	3	(1)	-	67
- Other judicial risks	10	-	-	-	10
- Disputed tax items	41	3	(3)	-	41
Total for judicial and tax-related disputes	**330**	**7**	**(14)**	**-**	**323**
- Provisions for site decommissioning and remediation	396	9	(5)	-	400
- Provision for CO_2 emissions rights and Green Certificates	-	-	-	12	12
- Other risks and charges	26	1	(1)	-	26
Total	**752**	**17**	**(20)**	**12**	**761**

Changes to the **provisions for judicial and tax-related disputes,** which totaled 323 million euros, are decreased principally due to the utilization totaling 10 million euros related to settlements of existing disputes.

The **provisions for site decommissioning and remediation,** amounting to 400 million euros, reflect the valuation, discounted to the reporting date, of the decommissioning costs that the Company expects to incur for industrial sites and mineral extraction facilities. These provisions shows a net increase of 4 million euros mainly as a result of additions related to the discounting process.

The **provisions for other risks and charges,** amounting to 26 million euros, include 18 million euros for potential future charges in the thermoelectric area.

More detailed information about the entries that resulted in the current composition of these provisions is provided in the section of the Notes to the Separate Financial Statements at December 31, 2014 entitled "Risks and Contingent Liabilities Arising from Judicial and Tax-related Disputes." and the corresponding updates provided in the condensate consolidated semiannual financial statement.

28. Bonds – 599 million euros

The balance represents the non-current portion of a bond issue:

(in millions of euros)	Market where traded	Currency	Par value outstanding	Coupon	Rate	Maturity	Carrying value			Fair value
							Non-current portion	Current portion	Total	
Edison Spa	Luxembourg Secur. Excl	EUR	600	Annual in arrears	3,875%	11.10.2017	599	45	644	664

This bond issue, a portion of which was hedged with derivatives against the risk of changes in fair value caused by the interest rate fluctuations, is valued at amortized cost adjusted in accordance with hedge accounting rules to reflect the change in hedged risk.

29. Long-term Financial Debt and Other Financial Liabilities – 963 million euros

(in millions of euros)	6/30/15	12/31/14	Change
Due to banks	166	173	(7)
Due to EDF Investissement Groupe Sa	797	797	-
Total	**963**	**970**	**(7)**

The amount due to EDF Investissement Group includes the loan provided to Edison Spa by EDF Investissements Groupe Sa in April 2013 for a face value of 800 million euros.

More comprehensive information is provided in the section of these Notes entitled "Financial Risk Management."

30. Other Liabilities

This item had a zero balance, unchanged compared with December 31, 2014.

31. Current Liabilities – 3,033 million euros

(in millions of euros)	6/30/15	12/31/14	Change
Bonds	45	553	(508)
Short-term financial debt	1.074	490	584
Trade payables	833	1.146	(313)
Current taxes payable	-	-	-
Other liabilities	1.081	1.445	(364)
Total current liabilities	**3.033**	**3.634**	**(601)**

More specifically:

- **Bonds** totaling 45 million euros include the amount corresponding to the accrued interest at June 30, 2015. The decrease compared with December 31, 2014 reflects the redemption, on the maturity date of March 17, 2015, of a bond issue with a face value of 500 million euros.
- The table below shows a breakdown of **short-term financial debt:**

(in millions of euros)	6/30/15	12/31/14	Change
Due to subsidiaries and affiliated companies	812	399	413
Due to EDF Group	153	17	136
Due to Transalpina di Energia	71	-	71
Due to banks	24	37	(13)
Due to factor companies	14	35	(21)
Interest rate and foreign exchange derivatives	-	2	(2)
Total	**1.074**	**490**	**584**

The amount **due to subsidiaries and affiliated companies** includes 592 million euros owed to Edison Trading, 75 million euros due to Edison Partecipazione Energie Rinnovabili, 59 million euros payable to Edison International Holding, 19 million euros owed to Edison Idrocarburi, 18 million euros due to Termica Milazzo and 13 million euros payable to Termica Cologno.

- A breakdown of **trade payables** by business segment is provided below:

(in millions of euros)	6/30/15	12/31/14	Change
Hydrocarbons operations	726	1.005	(279)
Electric power operations	89	111	(22)
Corporate activities	18	30	(12)
Total trade payables	**833**	**1.146**	**(313)**

Trade payables reflect mainly purchases of natural gas carried out under long-term contracts. The amounts payable to subsidiaries and affiliated companies, totaling 15 million euros, includes 6 million euros due to Edison Trading and 4 million euros owed to Edison International.

- A breakdown of **other liabilities**, is provided below:

(in millions of euros)	6/30/15	12/31/14	Change
Valuation of derivatives, including:			
- Amount owed to subsidiaries	47	48	(1)
- Amount owed to EDF Trading	20	41	(21)
- Amount owed to outsiders	811	1.167	(356)
Amounts owed to partners and associates in hydrocarbon exploration projects	79	76	3
Due to employees	18	20	(2)
Due to pension and social security institutions	16	16	-
Sundry items	90	77	13
Total other liabilities	**1.081**	**1.445**	**(364)**

For information about **payables deriving from the fair value measurement of industrial portfolio activity derivatives,** which should be analyzed in conjunction with the corresponding asset item included in **current assets** (down from 1,007 million euros to 833 million euros), see the disclosure provided in Note 22.

32. Liabilities Held for Sale

This account had a zero balance.

NET FINANCIAL DEBT

Consistent with the practice followed at December 31, 2014, the table below provides a simplified breakdown of the Company's net financial debt, 867 million of euro at June 30, 2015:

(in millions of euros)	*See note*	**6/30/15**	12/31/14	Change
Bonds – non-current portion	28	599	599	-
Amounts due to other lenders – non-current portion	29	797	796	1
Non-current bank loans	29	166	173	(7)
Total net long-term financial debt		**1,562**	**1,568**	**(6)**
Bonds – current portion	31	45	553	(508)
Current loans payable	31	1,074	490	584
Current financial assets	22	(1,777)	(2,162)	385
Cash and cash equivalents	22	(37)	(76)	39
Total net short-term financial debt		**(695)**	**(1,195)**	**500**
Total net financial debt		**867**	**373**	**494**

The overall change in net financial debt compared with December 31, 2014 is chiefly the result of working capital dynamics.

The change reflects also the positive effect of the collection of dividends (56 million euros) and the distribution of capital and reserves (40 million euros) by subsidiaries and affiliated companies, which more than offset the effect of outlays for investments in tangible and intangible assets (45 million euros), tax payments (6 million euros) and net financial expense (13 million euros).

The decrease shown for current bonds payable reflects the redemption, on the maturity date of March 17, 2015, of a bond issue with a face value of 500 million euros.

Net financial debt includes the following items:

- 950 million euros payable to EDF Group companies, which includes 797 million euros carried as non-current amount owed to other lenders and 153 million euros carried as current financial debt;
- 71 million euros in current financial debt owed to Transalpina di Energia.

These amounts are also listed in the corresponding table shown in the section of these Notes entitled "Intercompany and Related-party Transactions."

COMMITMENTS, RISKS AND CONTINGENT ASSETS

Commitments – **1,196 million euros**

(in millions of euros)	6/30/15	12/31/14	Change
Guarantees provided	1,088	1,179	(91)
Collateral provided	7	7	-
Other commitments and risks	101	213	(112)
Total	**1,196**	**1,399**	**(203)**

The balance of 1,088 million euros in **guarantees provided** is determined based on the undiscounted amount of the contingent commitments on the date of the financial statements. Guarantees provided included the following:

- 18 million euros in guarantees provided by Edison Spa to the Milan tax office on behalf of subsidiaries for offsetting VAT credits and intercompany transfers of tax credits.
- Guarantees provided by the company or by banks and counter guaranteed by the Parent Company on its own behalf and on behalf of subsidiaries and affiliated companies to secure the performance of contractual obligations account for most of the balance.

Collateral provided, which represents the value on the reporting date of the assets or rights provided as collateral, totaled 7 million euros. This item reflects a pledge encumbering the Ibiritermo shares provided to secure a subordinated loan to this affiliated company.

Other commitments and risks amounts to 101 million euros and reflects commitments undertaken to complete investment projects in progress (53 million euros). The main reason for the net decrease of 112 million euros is primarily referred to the depletion of commitments undertaken under take-or-pay contract clauses that at December 31, 2014 amounted to 116 million euros. These amounts are recognized in "Other non-current activities" (note 21) for a total amount of 267 million of euro.

There were no significant changes requiring disclosure compared with the Notes to the separate financial statements at December 31, 2014. For further details see the Notes to the Separate Financial Statements at December 31, 2014**.**

Unrecognized Commitments and Risks

Insofar as the main commitments and risks not included in the amounts listed above are concerned, there were no significant changes requiring disclosure in the first half of 2015 compared with the disclosure in the Notes to the Separate Financial Statements at December 31, 2014, which should be consulted for more exhaustive information.

It is also worth mentioning that the **Hydrocarbons Operations** entered into long-term contracts to import 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:

	U.M.	within 1 year	2 to 5 years	after 5 years	Total
Natural gas (*)	Billion m^3	12,0	51,8	122,0	185,8

(*) The economic data are based on prospective pricing formulas.

FINANCIAL RISK MANAGEMENT

As required by IFRS 7, the paragraphs that follow provide information about the types of risks faced by Edison Spa. the Group's Parent Company. Information about the policies and procedures adopted to manage these risks and the methods applied to measure at fair value the derivatives held by Edison Spa is provided in the Consolidated Semiannual Report.

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

Edison Spa is affected by the risk of fluctuations in the prices of all of the energy commodities that it handles (electric power, natural gas, coal, petroleum products and environmental securities) because they have an impact on the revenues and costs of its production and buying and selling activities. These fluctuations affect the Company both directly and indirectly through indexing mechanisms contained in pricing formulas. Moreover, because some of the abovementioned commodity prices are quoted in U.S. dollars, Edison Spa is also exposed to the resulting exchange rate risk.

Insofar as the derivatives held by the Group's Parent Company that were outstanding at June 30, 2015 are concerned, the maximum negative variance in the fair value of financial instruments expected over the time horizon of the current year, with a 97.5% probability, compared with the fair value determined at June 30, 2015, is 385.8 million euros (258.2 million euros at June 30, 2014), as shown in the table below:

Profit at Risk (PaR) *(in millions of euros)*	First half 2015		First half 2014	
	Level of probability	Expected negative variance in fair value	Level of probability	Expected negative variance in fair value
Total	**97.5%**	**385.8**	**97.5%**	**258.2**

Please note that the corresponding amount at December 31, 2014 was 406.2 million euros.

In other words, compared with the fair value determined for the contracts outstanding at June 30, 2015, the probability of a negative variance greater than 385.8 million euros by June 30, 2015 is limited to 2.5% of the scenarios.

The increased volatility of Brent crude prices is the main reason why the expected level of variance is greater than in the previous year. Derivative activities consisted mainly of executing hedging transaction for 2015, 2016 and 2017.

Consistent with the risk mandates defined in the Group Energy Risk Policies and the company Risk Committees, the Edison Energia Spa and Edison Trading Spa subsidiaries executed intercompany financial hedges with Edison Spa, the Group's Parent Company, with the aim of mitigating the exposure of their margins to fluctuations in prices of energy commodities.

Edison Spa engages in this activity in derivatives by virtues of the coordination and control function that it performs for at risk positions within the Group's entire industrial portfolio

2. Foreign Exchange Risk

The foreign exchange risk arises from the activities of Edison Spa that are carried out in currencies other than the euro or are influenced by changes in foreign exchange rates through contract components indexed to a foreign currency. Revenues and expenses denominated in foreign currencies can be affected by fluctuations in foreign exchange rates, with an impact on sales margins (economic risk). Likewise, the amount of trade and financial payables and receivables denominated in foreign currencies can be affected by the translation rates used, with an impact on profit or loss (transactional risk).

3. Interest Rate Risk

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

Gross Financial Debt	6/30/15			12/31/14		
Fixed and variable rate mix (in millions of euros)	without derivatives	with deriva-tives	% with deriv.	without derivatives	with deriva-tives	% with deriv.
- fixed rate portion (structure with CAP included)	1.400	800	30%	1.900	1.300	50%
- variable rate portion	1.281	1.881	70%	711	1.311	50%
Total gross financial debt	**2.681**	**2.681**	**100%**	**2.611**	**2.611**	**100%**

The transaction hedging the 500-million-euro bond issue was closed out on March 17, 2015, concurrently with the redemption of the bond issue at its scheduled maturity.

The interest rate swaps indexed to the six-month Euribor, which qualify as *Fair Value Hedge*, executed to hedge a fixed-rate bond issue of 600 million euros maturing on November 10, 2017, are still outstanding.

The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity, respectively, of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in the first half of 2015 and shows a comparison with the corresponding data in same period in 2014.

Sensitivity analysis (in millions of euros)	**First half 2015** **Impact on financial expense (P&L)**			**6/30/15** **Impact on the cash flow hedge reserve (S.E.)**		
	+50 bps	**base**	**-50 bps**	**+50 bps**	**base**	**-50 bps**
Edison Spa	24	21	18	-	-	-

Sensitivity analysis (in millions of euros)	**First half 2014** **Impact on financial expense (P&L)**			**12/31/14** **Impact on the cash flow hedge reserve (S.E.)**		
	+50 bps	**base**	**-50 bps**	**+50 bps**	**base**	**-50 bps**
Edison Spa	38	34	30	-	-	-

4. Credit Risk

The credit risk represents Edison Spa's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations. To control this risk, Edison Spa implemented procedures and programs designed to assess customer credit worthiness (using specially designed scoring grids) and subsequently monitor the expected cash flows and any collection actions.

The Company is a party to agreements involving the assignment without recourse of trade receivables on a monthly revolving basis. In the first half of 2015, Edison executed transactions of this type for a total of 519 million euros. At June 30, 2015, there were no assigned receivables that were still exposed to the risk of recourse.

When choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), Edison Spa deals only with entities with a high credit rating. At June 30, 2015, there were no significant exposures to risks related to a possible further deterioration of the overall financial environment.

The table below shows an overview of gross trade receivables, the corresponding allowance for doubtful accounts and the guarantees that the Group holds to secure its receivables.

(in millions of euros)	**6/30/15**	12/31/14
Gross trade receivables	746	762
Allowance for doubtful accounts (-)	(40)	(36)
Trade receivables	**706**	**726**
Guarantees held (*)	169	234
Past due receivables:		
- up to 6 months	13	17
- from 6 to 12 months	1	15
- more than 12 months	39	34

(*) Including guarantees covering receivables outstanding at June 30, 2015 totaling 35 million euros.

5. Liquidity Risk

The liquidity risk is the risk that Edison Spa may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The table that follows provides a worst-case scenario, showing nominal future cash flows required for liabilities that include, in addition to principal and accrued interest, all future interest payments estimated for the entire length of the underlying debt obligation, and taking into account the effect of interest rate derivatives.

Worst case scenario (in millions of euros)	**6/30/15**			**12/31/14**		
	1 to 3 months	More than 3 months and up to 1 year	More than 1 year	1 to 3 months	More than 3 months and up to 1 year	More than 1 year
Bonds	-	23	647	516	23	647
Financial debt and other financial liabilities	230	23	1,038	25	25	1,054
Trade payables	811	22	-	1,116	30	-
Total	**1,041**	**68**	**1,685**	**1,657**	**78**	**1,701**
Guarantees provided to third parties, subsidiaries and affiliates(*)	**687**	**236**	**234**	**755**	**309**	**335**

(*) 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.

A bond issue with a face value of 500 million euros was redeemed on its scheduled maturity of March 17, 2015.

The main components of the financial debt due within three months (230 million euros) include 149 million euros drawn from an overdraft facility provided on a treasury current account with EDF Sa (total allowed credit line of up to 199 million euros) and the funds that the parent company Transalpina di Energia Spa made available to Edison Spa as a short-term deposit, as part of the process of optimization of financial resources.

Indebtedness due after three months and within one year (46 million euros) refers to the accrued interest and amortization installments of the exiting loans and the annual interest payment due on the bond issue.

The main components of the financial debt maturing after one year (1,685 million euros) include a bond issue with a face value of 600 million euros, maturing on November 10, 2017, the facility provided by EDF Investissements Groupe Sa in the amount of 800 million euros, expiring on April 9, 2010, and the amounts drawn (137 million euros at June 30, 2015) from the medium/long-term direct line provided by the European Investment Bank (EIB) to finance gas storage projects. It is worth mentioning that the unused portion of this credit line was cancelled in the first half of 2015.

The financial flexibility that Edison Spa requires and the coverage of its financial needs for the coming months are assured by a 600-million-euro revolving credit line provided by EDF SA, which was renewed for two years on April 9, 2015, and a subordinate facility consisting of a revolving credit line provided in November 2014 by a pool of banks on a Club Deal basis for an amount of up to 500 million euros. Both credit lines were fully available at June 30, 2015.

6. Default Risk and Debt Covenants

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

The following bond issue floated by the Group (Euro Medium Term Notes) with a total face value of 600 million euros was outstanding at June 30, 2015.

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturity	Face value (millions of euros)	Coupon	Current rate
EMTN 2010	Edison Spa	Luxembourg Stock Exch.	XS0557897203	7	11/10/17	600	Fixed annual	3.875%

The Company's outstanding debt obligations also include non-syndicated facilities with a total face value of 1,581 million euros, 600 million euros of which were available at June 30, 2015, and the abovementioned revolving credit line of 500 million euros provided by a pool of banks, which was unused at June 30, 2015.

With regard to outstanding transactions, the corresponding loan agreements and indentures and the covenants they include, nothing has changed compared with December 31, 2014; consequently, please consult the Separate Financial Statements at December 31, 2014 for more comprehensive information.

At this time, the Company is not aware of the existence of any default situation or situation involving a failure to comply with financial covenants.

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

As required by the applicable policies adopted by the Group, transactions with related parties affecting the income statement, balance sheet and cash flow that were outstanding at June 30, 2015 are listed below, consistent with the disclosure requirements of IAS 24. These transactions were executed in the normal course of business and on contractual terms in line with standard market practices.

More detailed information is provided in the section of the Notes to the Condensed Consolidated Semiannual Financial Statements entitled "Intercompany and Related-party Transactions."

Transactions executed with related parties are listed in the table below:

(in millions of euros)	*Related parties pursuant to IAS 24*				Total fin. stat. line item	% impact
	with Edison Group companies	*with the controlling company*	*with EDF Group companies*	**Total related parties**		
Balance sheet transactions						
Investments in associates	1.380	-	-	1.380	1.380	100,0%
Trade receivables	378	-	2	380	706	53,8%
Other receivables	40	180	5	225	1.239	18,2%
Current financial assets	1.729	-	-	1.729	1.777	97,3%
Payables and other financial liabilities	-	-	797	797	963	82,8%
Short-term financial debt	811	220	4	1.035	1.074	96,4%
Trade payables	15	2	3	20	833	2,4%
Other payables	10	1	2	13	1.081	1,2%
Income statement transactions						
Sales revenues	1.442	1	37	1.480	2.664	55,6%
Other revenues and income	9	-	-	9	49	18,4%
Raw materials and services used	92	8	30	130	2.793	4,7%
Financial income	26	-	-	26	41	63,4%
Financial expense	2	2	11	15	56	26,8%
Foreign exchange gains (losses)	-	82	-	82	41	n.s.
Income from equity investments	67	-	-	67	69	97,1%
Expense on equity investments	18	-	-	18	18	100,0%

OTHER INFORMATION

Nonrecurring Events and Material Transactions

There were no nonrecurring events and material transactions requiring disclosure pursuant to Consob Communication No. DEM/6064293 of July 28, 2006 in the first half of 2015.

Transactions Resulting from Atypical and/or Unusual Activities

In the first half of 2015, Edison did not execute atypical and/or unusual transactions, as defined in CONSOB Communication No. DEM/6064293 of July 28, 2006.

SIGNIFICANT EVENTS OCCURRING AFTER JUNE 30, 2015

Acquisition of the company SHEN Spa

On July 21, 2015, Edison Spa acquired the full control of SHEN Spa, company operating in the hydroelectric sector.

Agreement with QALAA Energy

On July 23, 2015 Edison and QALAA Energy signed a joint development agreement for the construction of a power plant of 180 MW in Egypt, which will generate electricity for the local market.

Milan, July 29, 2015

The Board of Directors
by Bruno Lescoeur
Chief Executive Officer

Certification of the Condensed Semiannual Financial Statements Pursuant to Article 81-*ter* of Consob Regulation No. 11971 of May 14, 1999, as Amended

1. We, the undersigned Bruno Lescoeur, in my capacity as "Chief Executive Officer," and Didier Calvez and Roberto Buccelli, in our capacity as "Dirigenti Preposti alla redazione dei documenti contabili societari," employees of Edison Spa, taking into account the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998, certify that the administrative and accounting procedures applied to prepare the Condensed Semiannual Financial Statements for the period from January 1, 2015 to June 30, 2015:

   - were adequate in light of the Company's characteristics; and
   - were properly applied.

2. We further certify that:

   2.1. the Condensed Semiannual Financial Report (condensed consolidated semiannual financial statements and condensed semiannual financial statements of Edison Spa):

   a) were prepared in accordance with applicable international accounting principles recognized by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of July 19, 2002;
   b) are consistent with the data in the books of accounts and other accounting records;
   c) provide a truthful and fair presentation of the balance sheet, income statement and financial position of the issuer and of all of the companies included in the scope of consolidation.

   2.2. the Interim Report on Operations includes a reliable analysis of significant developments that occurred during the first half of the year and of their impact on the Condensed Semiannual Financial Statements, together with a description of the main risks and contingencies for the remaining six months of the year. The Interim Report on Operations also provides a reliable analysis of transactions with related parties.

Milan, July 29, 2015

Chief Executive Officer	"Dirigenti Preposti alla redazione dei documenti contabili societari"
Bruno Lescoeur	Didier Calvez Roberto Buccelli

REPORT OF THE INDEPENDENT AUDITORS

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REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED SEMIANNUAL FINANCIAL STATEMENTS

To the Shareholders of
EDISON S.p.A.

Introduction

We have reviewed the accompanying condensed consolidated semiannual financial statements of Edison S.p.A. and subsidiaries (the "Edison Group"), which comprise the balance sheet as of June 30, 2015 and the income statement, the other components of the comprehensive income statement, the cash flow statement and the statement of changes in consolidated Shareholder's equity for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated semiannual financial statements of the Edison Group are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Piergiulio Bizioli
Partner

Milan, Italy
July 29, 2015

This report has been translated into the English language solely for the convenience of international readers.

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REPORT ON REVIEW OF THE CONDENSED SEMIANNUAL FINANCIAL STATEMENTS

To the Shareholders of
EDISON S.p.A.

Introduction

We have reviewed the accompanying condensed semiannual financial statements of Edison S.p.A., which comprise the balance sheet as of June 30, 2015 and the income statement, the other components of the comprehensive income statement, the statement of cash flow and the statement of changes in Shareholder's equity for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

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Conclusion

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DELOITTE & TOUCHE S.p.A.

Signed by
Piergiulio Bizioli
Partner

Milan, Italy
July 29, 2015

This report has been translated into the English language solely for the convenience of international readers.