2012 ANNUAL REPORT

SEPARATE FINANCIAL STATEMENTS

EDISON

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ANNUAL REPORT 2012

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

2012 ANNUAL REPORT
SEPARATE FINANCIAL STATEMENTS

EDISON

Income Statement

(in euros)	See Note	2012		2011(*)	
			amount with related parties		amount with related parties
Sales revenues	1	6,432,738,662	2,772,958,486	5,833,012,169	2,050,539,247
Other revenues and income	2	712,277,345	33,305,040	527,589,263	27,845,048
Total revenues		**7,145,016,007**		**6,360,601,432**	
Raw materials and services used (-)	3	(6,675,375,419)	(109,907,354)	(6,112,151,852)	(114,912,330)
Labor costs (-)	4	(134,002,705)		(137,856,124)	
EBITDA	5	**335,637,883**		**110,593,456**	
Net change in fair value of derivatives (commodities and foreign exchange)	6	25,549,811		(2,684,373)	
Depreciation, amortization and writedowns (-)	7	(469,684,078)		(594,227,081)	
EBIT		**(108,496,384)**		**(486,317,998)**	
Net financial income (expense)	8	(54,015,558)	65,673,959	(69,744,968)	68,651,463
Income from (Expense on) equity investments	9	107,705,353	106,315,653	71,633,482	77,656,133
Other income (expense) net	10	(33,475,762)		(13,133,562)	
Profit (Loss) before taxes		**(88,282,351)**		**(497,563,046)**	
Income taxes	11	63,492,132		125,685,325	
Profit (Loss) from continuing operations		**(24,790,219)**		**(371,877,721)**	
Profit (Loss) from discontinuing operations	12	80,776,637		(523,671,470)	
Profit (Loss)		**55,986,418**		**(895,549,191)**	

(*) The data for 2011 reflect the new presentation of the net change in the fair value of derivatives (commodities and foreign exchange).

Other Components of the Comprehensive Income Statement

(in euros)	See Note	2012	2011
Net profit (loss)		**55,986,418**	**(895.549.191)**
Other components of comprehensive income			
- Change in the cash flow hedge reserve	24	2,752,155	(143,548,509)
- Profit (Loss) from available-for-sale investments	24	4,517,311	3,773,275
Income taxes attributable to other components of comprehensive income (-/+)		(192,853)	53,807,211
Total other components of comprehensive income net of taxes		**7,076,613**	**(85,968,023)**
Total comprehensive profit (loss)		**63,063,031**	**(981,517,214)**

Balance Sheet

(in euros)	See Note	12.31.2012	amount with related parties	12.31.2011	amount with related parties
ASSETS					
Property, plant and equipment	13	2,733,172,277		3,095,670,569	
Investment property	14	9,437,875		1,282,347	
Goodwill	15	2,407,570,046		2,407,570,046	
Hydrocarbon concessions	16	137,235,384		157,528,796	
Other intangible assets	17	18,757,933		16,404,895	
Investments in associates	18	1,317,025,151	1,317,025,151	1,273,750,808	1,273,750,808
Available-for-sale investments	18	193,866,477		197,740,775	
Other financial assets	19	7,113,007	7,113,007	6,951,039	6,951,027
Deferred-tax assets	20	-		-	
Other assets	21	96,080,947		32,592,035	
Total non-current assets		**6,920,259,097**		**7,189,491,310**	
Inventories		305,605,800		158,782,994	
Trade receivables		1,290,214,971	438,593,878	1,526,850,428	666,591,169
Current-tax assets		11,704,941		18,316,705	
Other receivables		341,890,044	118,632,308	501,544,160	117,597,219
Current financial assets		2,683,100,867	2,588,399,560	2,852,641,008	2,795,813,554
Cash and cash equivalents		633,039,145		198,444,147	
Total current assets	22	**5,265,555,768**		**5,256,579,442**	
Assets held for sale	23	**-**	**-**	**600,000,000**	**600,000,000**
Total assets		**12,185,814,865**		**13,046,070,752**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital		5,291,700,671		5,291,700,671	
Statutory reserve		125,290,832		125,290,832	
Other reserves and retained earnings		473,057,622		1,368,684,335	
Reserves for other components of comprehensive income		(377,329)		(7,453,942)	
Net profit (loss) of the year		55,986,418		(895,549,191)	
Total shareholders' equity	24	**5,945,658,214**		**5,882,672,705**	
Provision for employee severance indemnities and provision for pensions	25	24,470,550		25,480,446	
Provision for deferred taxes	26	13,448,903		131,231,798	
Provision for risks and charges	27	746,718,926	-	711,536,407	12,294,660
Bonds	28	1,795,634,544		1,793,437,720	
Long-term financial debt and other financial liabilities	29	119,232,481		1,185,608,294	
Other liabilities	30	23,175,667		23,175,667	
Total non-current liabilities		**2,722,681,071**		**3,870,470,332**	
Bonds		103,725,734		70,908,978	
Short-term financial debt		1,922,775,637	682,635,789	1,871,519,441	893,344,798
Trade payables		1,110,180,568	82,412,534	973,655,865	157,673,161
Current taxes payable		4,904,642		-	
Other liabilities		375,888,999	6,739,453	376,843,431	55,243,933
Total current liabilities	31	**3,517,475,580**		**3,292,927,715**	
Liabilities held for sale	32	-		-	
Total liabilities and shareholders' equity		**12,185,814,865**		**13,046,070,752**	

Cash Flow Statement

The table below analyzes the **cash flow** as it applies to short-term liquid assets (i.e., due within 3 months), which amounted to 633.039 euros in 2012, compared with 198,444,000 euros 2011.

(in euros)	See Note	2012	amount with related parties	2011(**)	amount with related parties
Result before taxes of Edison Spa		**(88,282,351)**		**(371,877,721)**	
Amortization, depreciation and writedowns	7	469,684,078		594,227,081	
Net additions to provisions for risks		88,644,820		45,908,981	
(Gains) Losses on the sale of non-current assets		2,444,080		(37,733,888)	
(Revaluations) Writedowns of non-current financial assets		52,913,952	52,396,809	17,579,458	545,392
Change in provision for employee severance indemnities and provision for pensions	25	(1,009,897)		(2,620,119)	
Change in fair value recognized in EBIT		(25,549,811)		193,246	
Change in operating working capital		226,337,354	152,736,664	(423,927,047)	(57,937,024)
Net financial income (expense)	8	42,195,547	(64,642,677)	53,099,115	(66,456,914)
Financial income collected		95,293,087	83,610,916	79,308,135	65,926,243
Financial expense paid		(108,813,568)	(8,461,988)	(116,766,671)	(6,581,033)
Income taxes paid		(203,751)		(179,996)	
Change in other operating assets and liabilities		(10,796,668)	(49,539,569)	(130,175.437)	26,772,223
Change in other operating assets and liabilities from extraordinary transactions		(2,015,620)		-	
A. Cash flow from operating activities provided by continuing operations		**740,841,252**		**(292,964,863)**	
Additions to intangibles and property, plant and equipment (-)	13-17	(100,013,196)		(176,870,038)	
Additions to equity investments (-)		(91,713,753)	(91,713,753)	(30,945,000)	(30,945,000)
Proceeds from the sale of intangibles and property, plant and equipment		3,906,141		9,762,786	
Proceeds from the sale of non-current financial assets (*)		683,748,900	683,748,900	258,458,593	177,725,704
Capital distributions from equity investments		8,391,550		11,209,922	
Change in other current financial assets		169,540,141	207,413,994	(781,940,552)	(758,840,336)
B. Cash used in investing activities		**673,859,783**		**(710,324,289)**	
Proceeds from new medium-term and long-term loans	29, 30, 32	600,000,000		1,135,599,750	
Redemptions of medium-term and long-term loans (-)	29, 30, 32	(1,304,124,774)		(530,530,618)	
Capital contributions provided by controlling companies or minority shareholders		-		-	
Dividends paid to controlling companies or minority shareholders (-)		-		-	
Other changes in financial debt, net		(275,981,263)	210,710,009	289,942,188	(251,885,954)
C. Cash used in financing activities		**(980,106,037)**		**895,011,320**	
D. Net change in cash and cash equivalents (A+B+C)		**434,594,998**		**(108,277,832)**	
E. Cash and cash equivalents at the beginning of the year		**198,444,147**		**285,397,946**	
F. Net cash flow for the year from discontinued operations		**-**		**21,324,033**	
G. Cash and cash equivalents at the end of the year (D+E+F)		**633,039,145**		**198,444,147**	
H. Total cash and cash equivalents at end of the year (G)		**633,039,145**		**198,444,147**	
I. (-) Cash and cash equivalents of discontinued operations		**-**		**-**	
L. Cash and cash equivalents of continuing operations (H-I)		**633,039,145**		**198,444,147**	

(*) The amount for 2012 includes the proceeds from the sale of Edipower.
(**) The 2011 Cash Flow Statement has been revised in order to make it comparable with the scheme adopted in 2012.

Statement of Changes in Shareholders' Equity

(amounts in euros)	Share capital	Statutory reserve	Other reserves and ret. earnings (loss carryforw.)	Reserve for other components of comprehensive income: Cash flow hedge reserve	Reserve for other components of comprehensive income: Available-for-sale investments	Profit for the year	**Total shareholders' equity**
Balance at December 31, 2010	**5,291,700,671**	**125,290,832**	**1,454,693,259**	**82,287,355**	**(3,773,274)**	**(86,008,924)**	**6,864,189,919**
Replenishment of 2010 loss	-	-	(86,008,924)	-	-	86,008,924	-
Total net comprehensive result for 2011	**-**	**-**	**-**	**(89,741,297)**	**3,773,274**	**(895,549,191)**	**(981,517,214)**
broken down as follows:							
Change in comprehensive result for the year (*)	-	-	-	(89,741,297)	3,773,274	-	(85,968,023)
Net result for 2010 (*)	-	-	-	-	-	(895,549,191)	(895,549,191)
Balance at December 31, 2011	**5,291,700,671**	**125,290,832**	**1,368,684,335**	**(7,453,942)**	**-**	**(895,549,191)**	**5,882,672,705**
Replenishment of 2011 loss	-	-	(895,549,191)	-	-	895,549,191	-
Sarmato Energia merger	-	-	(78,365)	-	-	-	(78,365)
Montedison Srl merger	-	-	843	-	-	-	843
Total net comprehensive result for 2012	**-**	**-**	**-**	**2,636,302**	**4,440,311**	**55,986,418**	**63,063,031**
broken down as follows:							
Change in comprehensive result for the year (*)	-	-	-	2,636,302	4,440,311	-	7,076,613
Net result for 2012 (*)	-	-	-	-	-	55,986,418	55,986,418
Balance at December 31, 2012	**5,291,700,671**	**125,290,832**	**473,057,622**	**(4,817,640)**	**4,440,311**	**55,986,418**	**5,945,658,214**

(*) included in the comprehensive income statement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AT DECEMBER 31, 2012

The FSO (Floating-Storage-Offloading) Leonis vessel.

ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

Content and Presentation of the Financial Statements

Dear Shareholders:
We submit for your approval the separate financial statements of Edison Spa at December 31, 2012, which consist of an Income Statement, a Statement of Other Components of Comprehensive Income, a Balance Sheet, a Cash Flow Statement, a Statement of Changes in Shareholders' Equity and the accompanying notes.
The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Financial Accounting Standards Board (IASB), as published in the *Official Journal of the European Union* (*O.J.E.U.*).

With regard to accounting principles, please note that a new amendment that broadens the disclosure provided pursuant to IRFS 7, the subject of which is quantitative and qualitative analyses about fully or partly derecognized financial assets in which the Company maintains a residual involvement, is applicable as of January 1, 2012.

For the sake of complete information, it is worth mentioning that the following amendments to the international accounting principles and interpretation published in the *Official Journal of the European Union* in 2012 are applicable starting in 2013:

- **IAS 1** was revised to provide a clearer presentation of the line item "Other components of comprehensive income," by showing separately components that later may or may not be reclassified into the Income Statement.
- **Amended IAS 19 "Employee Benefits."** The main change made to this standard involves the elimination of the optional "corridor" method (not applied by Edison), which made it possible to defer the recognition of actuarial losses. In addition, with regard to defined benefit plans, such as the provision for severance indemnities, any revaluation/writedown of this liability caused by changes in actuarial assumptions must be recognized among other component of comprehensive income, which would produce a negligible improvement in Edison's bottom line.
- **IFRS 13 "Fair Value measurement."** This new standard provides a single systematic reference framework for measuring fair value and includes a complete guide on how to measure both financial and non-financial assets and liabilities. IFRS 13 is applied in those instances when another international principle requires or allows fair value measurements or requires supplemental fair value disclosures, thereby updating the entire corpus of existing principles and interpretations regarding fair value measurement/disclosures. This principle is applicable prospectively, without need to restate comparative information. Any impact resulting from its first-time adoption is currently being assessed.
- **IFRS 7 and IAS 32,** which introduce new quantitative disclosures about offsetting arrangements in order to evaluate their effects, if any, on the statement of financial position.
- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine."** This interpretation provides guidance about the initial and subsequent valuation of an asset resulting from a stripping project. Currently, this interpretation does not apply to Edison.
  The Group decided not to adopt an earlier application to accounting principles and interpretation that are not mandatory in 2013, **IFRS 10 "Consolidated Financial Statements," IFRS 11 "Joint Arrangements," IFRS 12 "Disclosure of Interests in Other Entities," IAS 27 "Separate Financial Statements," IAS 28 "Investments in Associates and Joint Ventures."**

With regard to the Sarmato Energia merger, which is effective as of March 1, 2012, and the Montedison merger, which is effective as of July 1, 2012, it is worth mentioning that the merger by absorption of a wholly owned subsidiary is a transaction excluded from the scope of implementation of IFRS 3 because it does not produce the achievement of control by acquisition of the company subject of the business combination by the other participating company. The approach used in these transactions is to give precedence to the fact that the companies involved in the transaction belong to the same group and to the cost incurred by that group for the original acquisition of the absorbed company. The transaction was recognized on a "continuity of values" basis, absent an acquisition involving an actual transaction with a third-party economic entity.

The Board of Directors, meeting on February 8, 2013, authorized the publication of these separate financial statements, which were audited by Deloitte & Touche Spa in accordance with an assignment awarded by the Shareholders' Meeting of April 26, 2011, pursuant to Legislative Decree No. 39 of January 27, 2010, for a period of nine years (2011-2019).

Unless otherwise stated, the amounts that appear in the Notes to the Separate Financial Statements are in thousands of euros.

Comparability

New Presentation of the "Net Change in the Fair Value of Derivatives (Commodities and Foreign Exchange)

Starting with the condensed semiannual financial statements at June 30, 2012, Edison Spa changed the presentation in the income statement of the change for the period in fair value of commodity and foreign exchange derivatives, except for the part attributable to Trading Activities.
More specifically, this change, which consists of segregating the volatility effect of derivatives from the EBITDA line and showing it separately in the line item "Net change in fair value of derivatives (commodities and foreign exchange)," provides a better understanding of the Company's operating performance which is "sterilized" on unrealized market trends. This income statement line item reflects the change in fair value accrued during the period on derivatives executed as economic hedges of purchases or sales of commodities and, if the commodities are denominated in a foreign currency, of the corresponding foreign exchange risk. It also includes the ineffective portion of cash flow hedge derivatives on commodities and foreign exchange.

The table below provides a breakdown of EBITDA that shows the change resulting from the adoption of the new presentation:

(in millions of euros)	2012	2011
EBITDA	336	111
Net change in the fair value of commodity derivatives	26	(3)
EBITDA adjusted for the net change in the fair value of commodity derivatives	362	108

Reclassification Pursuant to IFRS 5

On May 24, 2012, the 50% interest held in Edipower Spa by Edison Spa was sold for 684 million euros. It is worth mentioning that originally the price was 604 million euros and in the 2011 Separate Financial Statements the transaction was deemed to be highly probable and, consequently, the corresponding assets and liabilities were classified as "Held for sale." Moreover, given the significance of the divested assets, these were treated as "Discontinued Operations."
Consequently, the line item "Profit (Loss) from discontinued operations" includes the positive effects of the redefinition of the sales price pursuant to agreements finalized in May 2012, amounting to 81 million euros.

For a more complete review of this transaction, please see the section of this Report entitled "Disclosure pursuant to IFRS 5."

Valuation Criteria

Property, Plant and Equipment and Investment Property

Land and buildings used in the production process are classified as "Property, plant and equipment." Land and buildings that are not used in the production process are classified as "Investment property." In the financial statements, these assets are shown at purchase or production cost, or at their conveyance value, including any attributable incidental costs and direct costs deemed necessary to make them operable, net of any capital grants.

Individual components of a facility that have different useful lives are recognized separately, so that each component may be depreciated at a rate consistent with its useful life. Under this principle, the value of a building and the value of the land over which it has been erected are recognized separately and only the building is depreciated.

Any costs that the Company expects to incur in the decommissioning and remediation of industrial sites are recognized as an amortizable asset component. The value at which these costs are recognized is equal to the present value of the costs that the Company expects to incur in the future.

Scheduled maintenance costs are charged in full to income in the year they are incurred.

Costs incurred for major maintenance that is performed at regular intervals are added to the respective assets and are written off over the remaining useful lives of the assets.

The estimated realizable value that the Company expects to recover at the end of an asset's useful life is not depreciated. Property, plant and equipment is depreciated each year on a straight-line basis at rates based on technical and financial estimates of the assets' remaining useful lives.

The range of depreciation rates applied is shown below:

	Electric Power		Hydrocarbons		Corporate	
	min.	max.	min.	max.	min.	max.
Buildings	2.1%	12.1%	1.4%	4.4%	-	2.1%
Plant and machinery	4.0%	24.0%	2.4%	45.4%	8.3%	27.1%
Manufacturing and distribution equipment	5.0%	10.0%	17.5%	35.0%	5.0%	25.0%
Other assets	6.0%	20.0%	6.0%	20.0%	6.0%	25.0%
Investment property	-	-	-	-	2.0%	2.4%

Items of property, plant and equipment appurtenant to hydrocarbon production concessions and the related costs incurred to close mineral wells, clear the drill site and dismantle or remove structures are recognized as assets and depreciated in accordance with the unit of production method, which is also used to amortize the underlying concessions. The depreciation rate is determined as the ratio between the quantity produced during the year and the estimated remaining available reserves at the beginning of the year. The value of the initial reserves is based on the best and most up-to-date estimates available at the end of each reporting period.

Thermoelectric power plant that sell energy under the CIP 6/92 rate schedule are depreciated by a method based on the economic benefits produced. The resulting depreciation process follows a step-down process, with straight line depreciation for each of the periods. This method reflects the differences between the amounts charged under the CIP 6/92 rate schedule for the eight-year incentivized period, those for the following seven years and the market rates applicable upon the expiration of the CIP 6/92 contracts.

The depreciation of the portion of assets that is transferable free of charge is taken on a straight-line basis over the remaining term of the respective contracts (taking also into account any renewals/extensions) or their estimated useful lives, whichever is shorter.

Assets acquired under a finance lease are recognized as "Property, plant and equipment," offset by a financial liability of equal amount. The liability is gradually eliminated in accordance with the principal repayment schedule of the respective lease agreement. The value of the asset recognized as property,

plant and equipment is depreciated on a straight-line basis, based on technical and financial estimates of its useful life.
Upon first-time adoption of the IFRS principles, the Company used fair value as deemed cost. As a result, accumulated depreciation and amortization and the provision for writedowns booked through January 1, 2004 were derecognized. The accumulated depreciation and amortization and the provision for writedowns discussed in the notes to the financial statements refer exclusively to depreciation, amortization and writedowns accumulated after January 1, 2004.
If there are indications of a reduction in value, assets are tested for impairment in the manner described below under "Impairment of Assets." When the reasons for a writedown no longer apply, the asset's cost can be reinstated.
Beginning on January 1, 2009, borrowing costs directly attributable to the acquisition, construction or production of an asset with a significant useful life are capitalized, when the investment amount exceeds a predetermined threshold. Until December 31, 2008, financial expense was not capitalized.

Goodwill

Goodwill acquired for consideration, which in the transition process to the IAS/IFRS was recognized at the same carrying amount as in the statutory financial statements at December 31, 2003, and other intangible assets with indefinite useful lives are not amortized, but the recoverability of their carrying amounts is tested annually (impairment test) for each Cash Generating Unit (CGU) or group of CGUs to which assets with indefinite lives can be reasonably allocated. The impairment test is described below in the paragraph entitled "Impairment of Assets." Writedowns cannot be reversed in subsequent periods.
The decision to take the conservative approach of using for the transition to the IAS/IFRS principles on January 1, 2004 the same carrying amounts as those used in the statutory financial statements prepared in accordance with Italian accounting principles is justified by the uncertainty that currently exists with respect to the accounting treatment that should be applied to these assets in the separate financial statements prepared in accordance with the IAS/IFRS principles.

Hydrocarbon Concessions and Other Intangible Assets

Only identifiable assets that are controlled by the Company and are capable of producing future benefits qualify as intangible assets. Intangible assets are recognized at their purchase price or internal production cost, including incidentals, in accordance with the same criteria used for "Property, plant and equipment." Development costs can be capitalized, provided they can be identified reliably and it can be demonstrated that the asset is capable of producing future economic benefits.
Intangible assets with finite useful lives are amortized on a straight-line basis over their useful lives, starting when they are available for use.

Hydrocarbon Concessions, Exploration Activities and Measurement of Mineral Resources

The costs incurred to **acquire mineral leases** or extend the duration of existing concessions are recognized as intangible assets and amortized on a straight line basis over the length of the lease in the exploration phase. If an exploration project is later abandoned, the residual cost is immediately recognized in profit or loss.
Exploration costs and costs incurred in connection with geological surveys, exploratory testing, geological and geophysical mapping and exploratory drilling are recognized as intangible assets but their full amount is amortized in the year they are incurred.
Development costs related to successful mineral wells and **production costs incurred to build facilities to extract and store hydrocarbons** are recognized as "Property, plant and equipment," in accordance with the nature of the asset, and are depreciated by the unit of production (UOP) method.
The costs incurred to shut down wells, abandon the drill site and dismantle or remove the equipment (so-called decommissioning costs) are capitalized and amortized in accordance with the unit of production (UOP) method.

Edison has well established natural gas and crude oil exploration and production activities with 95 concessions and permits in Italy and abroad.

Hydrocarbon production concessions are amortized in accordance with the unit of production method. The amortization rate is determined as the ratio between the quantity produced during the year and the estimated remaining available reserves at the beginning of the year. The value of the initial reserves is based on the best and most up-to-date estimates available at the end of each reporting period. In addition, a test is conducted each year to ensure that the carrying amounts of these assets are not greater than their realizable values computed by discounting future cash flows, which are estimated based on future production programs and market values.

Environmental Securities (Emissions Rights and Green Certificates)

Edison Spa secures a supply of environmental securities (emissions rights and green certificates) to meet its own requirements in the exercise of its industrial activities (so-called "own use").
Specifically, "Other intangible assets" can include emissions rights and green certificates, which are recognized at the cost incurred to acquire them, provided that the rights or certificates carried by the Company at the end of the reporting period represent a surplus over its requirements of such instruments, based on the emissions released during the year, for the emissions rights, or the production generated, for the green certificates. Emissions rights and green certificates allocated free of charge are recognized at a zero carrying value. Since these assets are designed for instantaneous use, they are tested for impairment and cannot be amortized. Their recoverable value is their value in use or their market value, whichever is greater. On the other hand, if, at the end of the reporting period, the volume of the emissions actually generated is greater than the volume of allocated emissions and any purchased emissions, a special provision for risks is recognized to account for the difference. Any emissions rights and certificates that are surrendered each year, based on the volume of polluting emissions released into the atmosphere each calendar year or the production generated, will be derecognized using any reserves for risks set aside the previous year.

Equity Investments in Subsidiaries and Affiliated Companies

Subsidiaries are companies with respect to which Edison has the power to independently make strategic corporate decisions for the purpose of obtaining the resulting benefits. As a rule, control is presumed to exist when the controlling company holds, directly or indirectly, more than half of the votes that can be cast at an Ordinary Shareholders' Meeting, counting the so-called "potential votes" (i.e., votes conveyed by convertible instruments).
Affiliated companies are companies with respect to which Edison exercises a significant influence over the process of making strategic corporate decisions, even though it does not have control, when


the so-called "potential votes" (i.e., voting rights conveyed by convertible instruments) are counted. A significant influence is presumed to exist when the controlling company holds, directly or indirectly, more than 20% of the votes that can be cast at an Ordinary Shareholders' Meeting.
Equity investments in subsidiaries and affiliated companies are valued at cost, written down to reflect any distributions of share capital or equity reserves or any impairment losses detected as a result of an impairment test. If the reasons that justified the writedown cease to apply in subsequent years, the original cost is reinstated.

Impairment of Assets

IAS 36 requires that an entity test its property, plant and equipment and intangible assets for impairment when there are indications that an impairment has occurred.
In the case of goodwill and other assets with indefinite lives or assets that are not available for use, an impairment test must be performed at least once a year.
The recoverability of an asset's carrying amount is tested by comparing it with its fair value, less cost to sell, and it value in use, whichever is greater, because IAS 36 defines recoverable value as the fair value of an asset or cash generating unit, less cost to sell, or its value in use, whichever is greater.
As a rule, value in use is the present value of the future cash flows that an asset or a CGU is expected to generate, plus the amount expected from its disposal at the end of its useful life. CGUs, which have been identified in a way that is consistent with Edison's organizational and business structure, are assets that generate cash inflows independently, through the continued use of such.

Translation of Items Denominated in Foreign Currencies

Transactions in foreign currencies are translated into euros at the exchange rate in force on the transaction date. At the end of the year, cash assets and liabilities are translated at the exchange rates in force at the end of the reporting period. Any resulting foreign exchange translation differences are recognized in profit or loss. Non-cash assets and liabilities denominated in foreign currencies are valued at cost and translated at the exchange rates in force on the transaction date.

Financial Instruments

Financial instruments include equity investments (other than investments in subsidiaries and affiliate companies) that are held for trading and held-for-sale investments. They also include long-term loans and receivables, trade receivables and other receivables generated by the Company, and other current financial assets, such as cash and cash equivalents. Cash and cash equivalents include deposits in bank and postal accounts, readily marketable securities purchased as temporary investments of cash and loans receivable due within three months. Financial instruments also include loans payable, trade and other payables, other financial liabilities and derivatives.

Financial assets and financial liabilities are recognized at fair value when the Company acquires the rights or assumes the obligations conveyed contractually by the financial instrument.

The initial amount at which these items are recognized shall include transaction costs directly attributable to the purchase or the issue costs that are included in the initial valuation of all assets and liabilities that can be classified as financial instruments. Subsequent measurements will depend on the type of instrument, as follows:

- With the exception of derivatives, **assets held for trading** are valued at fair value, with any resulting gains or losses are recognized in profit or loss. This class of assets consists mainly of equity investments held for trading and of the so-called trading activities, as described below.
- Provided they are not derivatives and equity investments, **other financial assets and liabilities** with fixed or determinable payments are valued at their amortized cost. Any transaction costs incurred un the purchasing/selling phase (e.g., issue premiums or discounts, costs incurred to secure loans, etc.) are recognized directly as adjustments to the face value of the corresponding asset or liability. Financial income and expense is computed in accordance with the effective interest rate method. Financial assets are measured on a regular basis to determine whether there is any objective evidence that their value has been impaired. More specifically, the measurement of receivables takes into account the solvency of creditors and the level of credit risk, which is indicative of individual debtors' ability to pay. Any losses are recognized in profit or loss for the corresponding period. This category includes long-term loans and receivables, trade receivables and other receivables generated by the Company, as well as loans payable, trade and other payables and other financial liabilities.
- **Assets held for sale** are measured at fair value and any resulting gains or losses are recognized in equity, posted to the "Reserve for other components of comprehensive income," and transferred to the income statement upon the disposal of the corresponding asset. Losses that result from measurement at fair value are recognized directly in profit or loss when there is objective evidence that the value of a financial asset has been impaired, even if the asset has not been sold. Equity investments in companies that are not publicly traded, the fair value of which cannot be measured reliably, are valued at cost less impairment losses. This category includes equity investments representing an interest of less than 20%.
- **Derivatives** are measured at fair value and, as a rule, any resulting changes are recognized in the income statement. However, whenever possible, the Company uses hedge accounting. Derivatives are classified as hedges when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedging relationship, which is tested periodically, is high in accordance with IAS 39 rules. If this is the case, the following accounting treatments are applied:
  a. When derivatives hedge the risk of fluctuations in the cash flow of the hedged items (Cash Flow Hedge), the effective portion of any change in the fair value of the derivatives is recognized directly in equity, posted to the "Reserve for other components of comprehensive income," while the ineffective portion is recognized directly in profit or loss. The amounts recognized in equity are transferred to the income statement in conjunction with the gains or losses generated by the hedged items.
  b. When derivatives hedge the risk of changes in the fair value of the hedged items (Fair Value Hedge), any changes in the fair value of the derivatives are recognized directly in profit or loss. The carrying amounts of the hedged items are adjusted accordingly in the income statement, to reflect changes in fair value associated with the hedged risk.

Financial assets are derecognized when they no longer convey the right to receive the related cash flows and substantially all of the risks and benefits conveyed by the ownership of the assets have been transferred or when an asset is deemed to be totally non-recoverable after all necessary recovery procedures have been carried out.

Financial liabilities are derecognized when the corresponding contractual obligations have been extinguished. Changes to existing contract terms can qualify as an extinguishing event if the new

terms materially alter the original stipulations and, in any case, when the present value of the cash flows that will be generated under the revised agreements differs by more than 10% from the value of the discounted cash flows of the original liability.
The fair value of financial instruments that are traded on an active market is based on their market price at the end of the reporting period. The fair value of financial instruments that are not traded on an active market is determined using appropriate valuation techniques.

Trading Activities

Approved activities that are part of the Company's core businesses include physical and financial trading in commodities. These activities must be carried out in accordance with special procedures and are segregated at inception in special Trading Portfolios, separate from the other core activities (so-called Industrial Activities). Trading Activities include physical and financial contracts for commodities, which are measured at fair value, with changes in fair value recognized in profit or loss. Individual contracts may require physical delivery. In such cases, any inventories are measured at fair value, with changes in fair value recognized in profit or loss.
The amounts shown in the income statement for revenues and raw materials and services used reflect a presentation that recognizes only the resulting "trading margin" (so-called "net presentation").

Inventories

Inventories related to the so-called Industrial Activities are valued at purchase or production cost, including incidental expenses, determined primarily by the FIFO method, or at estimated realizable value, based on market conditions, whichever is lower. Inventories attributable to Trading Activities are deemed to be assets held for trading and, consequently, are measured at fair value, with changes in fair value recognized in profit or loss.

Valuation of Long-term Take-or-pay Contracts

Under the terms of medium/long-term contracts for the importation of natural gas, the importer is required to take delivery of a minimum annual quantity of natural gas. If delivery of the minimum annual quantity is not achieved, the Company is required to pay the consideration attributable to the undelivered quantity. This payment can be treated either as an advance on future deliveries or as a penalty for the failure to take delivery. The first situation (advance on future deliveries) occurs in the case of undelivered quantities at the end of the reporting period for which there is a reasonable certainty that, over the remaining term of the contract, the shortfall will be made up in future years by means of increased deliveries of natural gas, in excess of minimum annual contract quantities. The second situation (penalty for failure to take delivery) occurs in the case of undelivered quantities for which there is no expectation that the shortfall can be made up in the future. The portion of the payment that qualifies as an advance on future deliveries is initially recognized in "Other assets" (current and/or non-current depending on the expected timing of recovery) and its recoverability is periodically verified, based on updated forecasts. These recoverability assessments are also applied to quantities that, while scheduled for delivery, were still undelivered and unpaid at the end of the reporting period, the payment for which will occur in the following period. The corresponding amount is recognized as a commitment.

Employee Benefits

The provision for employee severance indemnities and the provisions for pensions are computed on an actuarial basis. The amount of employee benefits that vested during the year is recognized in profit or loss as a labor cost. The theoretical finance charge that the Company would incur if it were to borrow in the marketplace an amount equal to the provision for employee severance indemnities is posted to financial income (expense). Actuarial gains and losses that arise from changes in the actuarial assumptions used are recognized in comprehensive profit and loss, taking into account the average working lives of the employees.
Specifically, in accordance with Budget Law No. 296 of December 27, 2006, only the liability for the

vested employee severance benefits that remained with the Company was valued for IAS 19 purposes, since the portion applicable to future vesting benefits was paid to separate entities (supplemental pension funds or INPS funds). As a result of these payments, the Company has no further obligations with regard to the work that employees will perform in the future (so-called "defined-contribution plan").

Provisions for Risks and Charges

Provisions for risks and charges are recognized exclusively when there is a present obligation arising from past events that can be reliably estimated. These obligations can be legal or contractual in nature or can be the result of representations or actions by the Company that created valid expectations in the relevant counterparties that the Company will be responsible for complying or will assume the responsibility of causing others to comply with an obligation (implied obligations). If the time value of money is significant, the liability is discounted and the effect of the discounting process is recognized as a financial expense.

Recognition of Revenues and Expenses

Revenues and income and costs and expenses are recognized net of returns, discounts, allowances, bonuses and any taxes directly related to the sale of goods or the provision of services. Sales revenues are recognized when title to the goods passes to the buyer. As a rule, this occurs when the goods are delivered or shipped. Materials used include the cost of green certificates and emissions rights attributable to the period, as well as those attributable to divested plants for the accrual period attributable to the seller. Financial income and expense is recognized when accrued. Dividends are recognized when the shareholders are awarded the rights to collect them, which generally occurs in the year when the disbursing investee company holds a Shareholders' Meeting that approves a distribution of earnings or reserves.

Income Taxes

Current **income taxes** are recognized based on an estimate of taxable income, in accordance with the tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and taking into account any applicable exemptions or available tax credits.

Deferred-tax assets and liabilities are computed on the temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases, using the tax rates that are expected to be in effect when the temporary differences are reversed. Deferred-tax assets are recognized only to the extent that their future recovery is probable. The valuation of deferred-tax assets must be carried out taking

Edison signed a partnership agreement with Falkland Oil and Gas Ltd (Fogl) to participate in offshore hydrocarbon exploration in the Falkland Islands.

into account future tax liabilities, as projected in approved Company industrial plans. When gains and losses are recognized directly in equity, posted to the "Reserve for other components of comprehensive income," the corresponding deferred-tax assets or liabilities shall also be recognized in equity.

Use of Estimated Values

The preparation of the financial statements and the accompanying notes requires the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities. The actual results that will arise upon the occurrence of the relevant events could differ from these estimates.

The estimates and assumptions used are revised on an ongoing basis, and the impact of any such revision is immediately recognized in profit or loss. The use of estimates is particularly significant for the following items:

- Amortization (for assets with a finite useful life), depreciation and impairment tests of property, plant and equipment, goodwill and other intangible assets. The process of determining depreciation and amortization expense entails reviewing periodically the remaining useful lives of assets, the available hydrocarbon reserves, the decommissioning/shutdown costs and the assets' recoverable values. Information about the impairment test, specifically regarding the benchmark industrial and context assumptions used, is provided later in these Notes, in the section entitled "Impairment Test in Accordance with IAS 36 Applied to the Value of Goodwill, Intangible Assets and Property, Plant and Equipment" which includes a description of the methods and assumptions made, and with indication of the main estimation processes used.
- Valuation of derivatives and financial instruments in general. Information about valuation criteria and quantitative disclosures are provided, respectively, in the paragraph entitled "Financial Instruments" and in the Notes to the financial statement, which supplement and complete the financial statements. The methods applied to determine fair value and manage inherent risks in connection with energy commodities traded by the Company, foreign exchange rates and interest rates are described in the section of this Report entitled "Financial Risk Management."
- Measurement of certain sales revenues, particularly for CIP 6/92 contracts, of the provisions for risks and charges, of the allowances for doubtful accounts and other provisions for writedowns, of employee benefits and of income taxes. In these cases, the estimates used are the best possible estimates, based on currently available information.

NOTES TO THE INCOME STATEMENT

Operating Performance in 2012

Edison Spa reported a **net profit** of 56 million euros at December 31, 2012 (net loss of 896 million euros in 2011). The following factors contributed to the Company's positive performance in 2012:

- the net negative result for 25 million euros, from **continuing operations,** specifically attributable to the impairment of some industrial assets (201 million euros) and some equity investments as a result of the impairment tests performed (53 million euros), offset in part by the benefit generated by the successful conclusion, during the year, of arbitration proceedings concerning long-term natural gas procurement contracts with RasGas and Eni (680 million euros) that more than offset the impact of lower sales of electric power, as explained below;
- for 81 million euros, the net profit from **discontinued operations,** which reflected the effects of a revision of the Edipower sales price pursuant to agreements finalized in May 2012.

In 2012, **sales revenues** totaled 6,433 million euros, or 10.3% more than in 2011 (5,833 million euros), as the net result of two contrasting developments:

- a positive contribution by the **hydrocarbons operations,** which grew by 22.2% thanks to a favorable environment for the benchmark commodities and an increase in sales volumes;
- a negative contribution by the **electric power operations,** which reported a 13.4% shortfall in revenues, as sales volumes contracted by 19%, due mainly to a 20% reduction in thermoelectric production that reflected primarily the effect of the divestment, in October 2011, of the thermoelectric power plants dedicated to an ILVA production facility in Taranto and the general downward trend in national consumption of electric power, offset in part by a positive benchmark scenario.

EBITDA increased to 336 million euros, or 225 million euros more than the 111 million euros earned in 2011 (amount that reflects the new presentation of the "Net change in the fair value of derivatives - commodities and foreign exchange").

More specifically:

- The EBITDA of the **hydrocarbons operations** rose to 267 million euros, up compared with 2011, when they totaled 217 million euros (amount that reflects the new presentation of the "Net change in the fair value of derivatives - commodities and foreign exchange"). The 2012 EBITDA include the benefit generated by the successful conclusion of the arbitration proceedings for the revision of the purchase price under the long-term contracts for the procurement of natural gas from Qatar and Libya, amounted to 680 million euros, including the effects related to previous years gas consumption of 347 million euros, offset in part by the enduring of the contraction of the natural gas sales margins. Another positive factor was the effect of a favorable price scenario for the exploration and production activities, which more than offset the consequences of lower production volumes in Italy.
  It is also worth mentioning that the Company is in the process of renegotiating its contract to import natural gas from Algeria with the aim of restoring adequate operating margins.
- The EBITDA of the **electric power operations** were positive by 176 million euros, up sharply compared with a loss of 1 million euros in 2011. Specifically, this performance is due to a gain of 85 million euros, net of a provision for future charges of 57 million euros, generated by the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, and a gain of 56 million euros, arising from the definition of the avoided fuel cost for 2009-2011 years as a result of the new regulation. This performance is affected by the effects related to the sale this past October of the thermoelectric power plants in Taranto. Negative factors included a decrease in unit sales, particularly in the Captive and CIP 6/92 segments, and a contraction in hydroelectric output caused by a reduced availability of water resources.

EBIT were negative by 108 million euros (negative by 486 million euros in 2011). This amount reflects the volatility effect related to the net change in fair value of derivatives (commodities and foreign exchange), which was positive by 26 million euros (negative by 3 million euros in 2011). In addition to the negative effect of the industrial margins mentioned above, this amount reflects assets depreciation and amortization of 262 million euros and writedowns of 204 million euros due to the presence of some impairment indicators, including 180 million euros for the projected reduction in unit margins generated by the early termination of a contract to supply steam and 21 million euros recognized in connection with the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant.

In addition to the dynamics discussed above, the following factors affected the Company's performance:

- **Net financial expense** of 54 million euros, down 16 million euros compared with 2011 (70 million euros), which reflects mainly the effect of smaller net foreign exchange losses on derivatives executed to hedge natural gas purchases and the reduction in average net financial debt for the year resulting from the proceeds generated by the sale of Edipower.
- **Net income on equity investments** totaled 108 million euros at December 31, 2012 (net income of 72 million euros in 2011), as the net result of:
  - 159 million euros in dividend income from subsidiaries and affiliated companies (dividends totaling 80 million euros were collected in 2011);
  - 53 million euros in writedowns of equity investments to recognize value impairments, including Edison International, Edison International Holding, Jesi Energia and Termica Milazzo.
- **Other expense, net,** of 33 million euros (13 million euros in 2011) refers mainly to legal expenses and provisions for tax charges.
- **Income taxes,** positive by 63 million euros (positive by 126 million euros in 2011), include current corporate income taxes (IRES) of 39 million euros and current regional taxes (IRAP) of 11 million euros and the utilization of deferred taxes on non-current assets recognized upon transition to the IFRS (88 million euros) for the use of fair value as the deemed cost of the non-current assets.
- **Profit (Loss) from discontinued operations** includes an economic benefit of 84 million euros deriving from the revision of the sale price of Edipower, gross of incidental costs to sell.

1. Sales Revenues

Sales revenues totaled 6,432,739,000 euros, or 10.3% more than in 2011 (5,833,012,000 euros). A breakdown of sales revenues, which were earned mainly in Italy, is provided below:

(in thousands of euros)	2012	2011	Change	% change
Revenues from the sale of:				
- Natural gas	4,558,243	3,680,124	878,119	23.9%
- Electric power	1,517,080	1,764,392	(247,312)	(14.0%)
- Fuel oil	153,291	154,121	(830)	(0.5%)
- Steam	72,786	82,036	(9,250)	(11.3%)
- Green certificates	52,609	30,052	22,557	75.1%
- CO_2 emissions rights	9,045	35,785	(26,740)	(74.7%)
- Water and other utilities	549	863	(314)	(36.4%)
- Sundry items	888	9,334	(8,446)	n.m.
Revenues from the sale of products	**6,364,491**	**5,756,707**	**607,784**	**10.6%**
Revenues from services provided	42,565	51,272	(8,707)	(17.0%)
Revenues from power plant maintenance	11,670	11,473	197	1.7%
Transmission revenues	7,708	2,432	5,276	n.m.
Revenues from the provision of services	**61,943**	**65,177**	**(3,234)**	**(5.0%)**
Margin on physical trading activities	**6,305**	**11,128**	**(4,823)**	**n.m.**
Total sales revenues	**6,432,739**	**5,833,012**	**599,727**	**10.3%**
breakdown by business segment:				
Hydrocarbons operations	4,731,118	3,871,648	859,470	22.2%
Electric power operations	1,678,390	1,937,657	(259,267)	(13.4%)
Corporate activities	23,231	23,707	(476)	(2.0%)
Total sales revenues	**6,432,739**	**5,833,012**	**599,727**	**10.3%**

An analysis by business segment is provided below:

- The **hydrocarbon operations** reported sales revenues of 4,731,118,000 euros, up 22.2% compared with 2011, thanks to the effect of higher sales prices, driven by a positive benchmark scenario and an increase in sales volumes. Oil production was down by 16%, as production from the Rospo field was suspended until the end of December to allow the replacement of the Alba Marina storage vessel.
- The sales revenues of the **electric power operations** decreased to 1,678,390,000 euros, or 13.4% less than in 2011, due mainly to the reduction in captive and CIP 6/92 sales that followed the divestment of the Taranto power plants in October 2011. These negative factors were offset in part by an increase in average unit sales prices compared with the previous year. The increase in revenues from the sale of green certificates reflects market sales executed in 2012, whereas green certificates were used to cover company needs in 2011. The sharp drop in revenues from sales of CO_2 emissions rights is due both to a reduction in quantity resulting from the divestment of the Taranto power plants and lower market prices.
- Revenues from services provided, which are included in **corporate activities,** refer mainly to the coordination support provided by Edison to other Group companies and to engineering services.

2. Other Revenues and Income

Other revenues and income amounted to 712,277,000 euros, for an increase of 35% compared with 2011 (527,589,000 euros, amount that reflects the new exposure of net change in the fair value of derivatives - commodities and foreign exchange).

(in thousands of euros)	2012	2011(*)	Change	% change
Out of period income	428,523	99,676	328,847	n.m.
Realized commodity derivatives	113,413	318,126	(204,713)	(64.3%)
Recovery of costs from partners in hydrocarbon exploration projects	27,387	21,587	5,800	26.9%
Reversals of allowances for doubtful accounts and sundry provisions for risks	7,285	17,638	(10,353)	(58.7%)
Margin on financial trading activities (**)	4,341	-	4,341	n.m.
Insurance settlements	3,133	11,400	(8,267)	(72.5%)
Recovery of payroll costs	5,813	6,063	(250)	(4.1%)
Leases of Company-owned property and lands	2,862	3,026	(164)	(5.4%)
Operating grants	2,321	2,443	(122)	(5.0%)
Gains on the sale of property, plant & equipment	437	849	(412)	(48.5%)
Revenues from sales of sundry materials	248	570	(322)	(56.5%)
Sundry items	116,514	46,211	70,303	n.m.
Total	**712,277**	**527,589**	**184,688**	**35.0%**
breakdown by business segment:				
Hydrocarbons operations	520,710	433,824	86,886	20.0%
Electric power operations	178,540	75,912	102,628	n.m.
Corporate activities	13,027	17,853	(4,826)	(27.0%)
Total sales revenues	**712,277**	**527,589**	**184,688**	**35.0%**

(*) The 2011 amounts reflect the new presentation of the net change in the fair value of derivatives (commodities and foreign exchange).
(**) The 2011 amount is included in "Materials and services used."

Out-of-period income includes:

- In the **hydrocarbons segment** the portion attributable to previous years of the effect of the renegotiations of contracts for the supply of natural gas from Qatar and Libya amounting to 352,849,000 euros; in 2011, this item included 66,054,000 euros for the effect of the renegotiation of a contract for the supply of natural gas from Russia.
- In the **electric power segment** a gain of 54,073,000 euros related to previous years and arising from the application of the new avoided fuel cost (CEC) pursuant to the new regulatory framework.

Realized commodity derivatives, which should be viewed in conjunction with the corresponding cost included in **Raw materials and services used** (up from 81,885,000 euros to 111,063,000 euros) and **Net change in fair value of derivatives (commodities and foreign exchange),** positive by 25,550,000 euros (negative by 2,684,000 euros in 2011), reflects mainly the results of Brent crude and foreign exchange hedges executed to mitigate the risk of price fluctuations on purchases and direct sales of natural gas. This result reflects the scenario effect on the underlying physical hedged: in 2012, the sharp fluctuations in commodity prices in the reference markets produced a net positive effect on the underlying physical, offset by the negative results shown in the items reflecting the results from commodity derivatives.
A comprehensive presentation of the effects of these transactions is provided in a separate disclosure in the section entitled “Financial Risk Management.”

Sundry items includes, for 84,743,000 euros, the indemnification for the voluntary early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, in accordance with the Ministry Decrees of December 2, 2009 and June 23, 2011. This gain is offset in part by provisions for future charges (57,225,000 euros) and writedowns of property, plant and equipment (20,938,000 euros). Please note that the amount shown for this item in 2011 included the gain generated by the early termination of the CIP 6/92 contracts for the Taranto thermo electric power plant. These items also include charges to subsidiaries, such as recharges for personnel costs (5,602,000 euros) and for insurance policies (3,006,000 euros), as well as fees received for the rental of lands and buildings (2,466,000 euros).

3. Raw Materials and Services Used

Raw materials and services used totaled 6,675,375,000 euros, up 9.2% compared with the previous year (6,112,152,000 euros, amount that reflects the net change in the fair value of derivatives Commodities and Foreign Exchange). These items include the benefit generated by the successful conclusion of the arbitration proceedings for the revision of the purchase price under the long-term contracts for the procurement of natural gas from Qatar and Libya, amounted to 327,141,000 euros, in addition to the effect included in "Other revenues and income."
A breakdown is provided below:

(in thousands of euros)	2012	2011 (*)	Change	% change
- Natural gas	5,546,455	4,417,388	1,129,067	25.6%
- Electric power	8,974	9,056	(82)	(0.9%)
- Blast furnace, recycled and coke furnace gas	43,175	380,627	(337,452)	(88.7%)
- Oil and fuel	1,572	4,379	(2,807)	(64.1%)
- Demineralized industrial water	5,015	30,466	(25,451)	(83.5%)
- Green certificates	56,573	67,974	(11,401)	(16.8%)
- CO_2 emissions rights	7,836	49,944	(42,108)	(84.3%)
- Utilities and other materials	63,352	68,655	(5,303)	(7.7%)
Total	**5,732,952**	**5,028,489**	**704,463**	**14.0%**
- Facilities maintenance	95,276	108,940	(13,664)	(12.5%)
- Transmission of natural gas	447,423	418,411	29,012	6.9%
- Regasification fee	106,352	102,155	4,197	4.1%
- Professional services	76,873	78,180	(1,307)	(1.7%)
- Insurance services	15,860	18,170	(2,310)	(12.7%)
- Writedowns of trade and other receivables	2,161	1,774	387	21.8%
- Realized commodity derivatives	111,063	81,885	29,178	35.6%
- Margin on financial trading activities (**)	-	5,627	(5,627)	(100.0%)
- Additions to provisions for miscellaneous risks	69,781	30,650	39,131	n.m.
- Change in inventories	(146,678)	53,645	(200,323)	n.m.
- Use of property not owned	62,529	51,610	10,919	21.2%
- Sundry charges	101,783	132,616	(130,833)	(98.7%)
Total	**6,675,375**	**6,112,152**	**563,223**	**9.2%**
breakdown by business segment:				
Hydrocarbons operations	6,194,823	5,208,099	986,724	18.9%
Electric power operations	366,071	785,550	(419,479)	(53.4%)
Corporate activities	114,481	118,503	(4,022)	(3.4%)
Total	**6,675,375**	**6,112,152**	**563,223**	**9.2%**

(*) The 2011 amounts reflect the new presentation of the net change in the fair value of derivatives (commodities and foreign exchange).
(**) The 2011 amount is included in "Other revenues and income."

The increase in purchasing costs of **natural gas** (+25.6%), compared with 2011, is due both to the higher prices paid for natural gas (both spot and under long-term contracts) and to an increase in volumes purchased. This item also reflects the benefits generated by the renegotiations of the long-term contracts to import natural gas from Qatar and Libya and the effect of procurement optimization policies, to be analyzed jointly with the item "**change in inventories.**" In addition, it includes the negative results from the effective portion of derivatives hedging foreign exchange risk on commodities (58,531,000 euros).

The decrease in purchases of **blast-furnace, recycled and coke-oven-furnace gas** is due to the divestment of Taranto thermoelectric power plants in the second half of 2011.

The cost of **CO_2 emissions rights** and **green certificates,** down by a total of 53,509,000 euros compared with 2011, is due mainly to the smaller quantity required as a result of lower production volumes compared with the previous year, attributable primarily to the divestment of some thermoelectric power plants and to the lower average purchase price.

The higher rates paid to the transmission system operator are the main reason for the increase in **gas transmission costs** compared with the previous year.

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

The substantial increase shown for **realized commodity derivatives** reflects price trends for the hedged commodities, as explained in the corresponding paragraph of the section entitled "Financial Risk Management."

The **additions to provisions for risks** include the abovementioned provision for future charges of 57,225,000 euros recognized in connection with the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant. For the balance, please see the note to the provisions for risks and charges (Note 27).

The **change in inventories** reflects primarily the change in natural gas inventory. For a more in-depth analysis please see Note 22 "Current Assets."

The main components of **sundry charges** are out-of-period charges (10,807,000 euros), indirect taxes and fees (8,595,000 euros), expense for security, janitorial and relocation services (7,135,000 euros), advertising expenses (6,830,000 euros), corporate expenses (5,303,000 euros), membership dues (3,915,000 euros), losses on divestments of property, plant and equipment (3,026,000 euros), entertainment expenses (2,194,000 euros) and damage compensation paid (1,641,000 euros).

Margin on Trading Activities

The table below shows the results of the gas trading activity included in sales revenues and in raw materials and services used, which are generated by trading in physical and financial energy commodity contracts held in the Trading Portfolios.
The increase shown for trading in physical contracts is due mainly to higher activity volumes related primarily to an expansion of natural gas trading activity.

(in thousands of euros)	Note	2012	2011	Change	% change
Margin on trading in physical contracts					
Sales revenues		976,389	303,205	673,184	n.m.
Raw materials and services used		(970,084)	(292,077)	(678,007)	n.m.
Total included in sales revenues	1	**6,305**	**11,128**	**(4,823)**	**(43.3%)**
Margin on trading in financial contracts					
Other revenues and income		3,878	4,464	(586)	(13.1%)
Raw materials and services used		463	(10,091)	10,554	n.m.
Totale inluso negli altri ricavi e proventi	2/3	**4,341**	**(5,627)**	**9,968**	**n.m.**
Total margin on trading activities		**10,646**	**5,501**	**5,145**	**93.5%**

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

4. Labor Costs

Labor costs decreased to 134,003,000 euros, or 3,853,000 euros less than in 2011 (137,856,000 euros), due mainly to the reduction in average staff that resulted from the divestment of two thermoelectric power plants. At December 31, 2012, the Company had 1,587 employees, virtually the same as at the end of 2011.

The table that follows provides a breakdown by category of the Company's staff:

(number of employees)	01.01.12	Added to payroll	Removed from payroll	Change of classification	12.31.12	Average payroll
Executives	126	2	(7)	8	129	128
Office staff and middle managers	1,258	69	(63)	(4)	1,260	1,262
Production staff	204	2	(4)	(4)	198	201
Total	**1,588**	**73**	**(74)**	**-**	**1,587**	**1,591**

5. EBITDA

EBITDA totaled 335,638,000 euros, for a gain of 225,045,000 euros compared with the 110,593,000 euros earned in 2011 (amount that reflects the new presentation of the "Net change in the fair value of derivatives - commodities and foreign exchange"). A breakdown by type of business is provided below:

(in thousands of euros)	2012	As a % of sales revenues	2011(*)	As a % of sales revenues	% change
Electric power operations	266,773	5.6%	217,254	5.6%	22.8%
Hydrocarbons operations	176,114	10.5%	(1,340)	(0.1%)	n.m.
Corporate activities	(107,249)	n.m.	(105,321)	n.m.	1.8%
Total	**335,638**	**5.2%**	**110,593**	**1.9%**	**n.m.**

(*) The 2011 amounts reflect the new presentation of the net change in the fair value of derivatives (commodities and foreign exchange).

The performance of the different business segments is reviewed below:

- The EBITDA of the **hydrocarbons operations,** positive by 266,773,000 euros, grew by 22.8% compared with 217,254,000 euros in 2011 amount that reflects the new presentation of the "Net change in the fair value of derivatives (commodities and foreign exchange)." This positive progression reflects the benefit generated by the renegotiation of long-term contracts to purchase natural gas from Qatar and Libya amounted 680,343,000 euros of which 347,449,000 euros attributable to previous years. It is worth mentioning that the 2011 EBITDA benefited from the one-off effects of the renegotiation of long-term contracts for the supply of natural gas imported from Russia (66,054,000 euros).

  Natural gas volumes totaled 15.6 billion cubic meters in 2012, substantially in line with 2011 (15.2 billion cubic meters). On the procurement side, purchases at the Virtual Exchange Facility were up 22%, production grew by 18% and pipeline imports under long-term contracts increased by 15%, due mainly to deliveries from Libya, which were interrupted in 2011 due to the well-known international events, and despite the expiration of the contract to import gas for Norway, offset by a reductions in domestic purchases (-80%) and imported gas regasified at the Roving LNG terminal (-4%). On the usage side, sales decreased by 4% in the thermoelectric segment but sales to industrial users increased by 14%.

  In the exploration and production area, despite a strong upturn in the price of crude oil, the performance of the Company's activities was adversely affected by a reduction in crude oil production, which fell to 1,809,000 barrels, compared with 2,142,000 barrels in 2011.

  In addition, the performance of the **hydrocarbons operations** reflects the impact of a negative effect of 58,531,000 euros for the effective portion of derivatives hedging foreign exchange risks on commodity transactions, which was significantly larger than the 30,313,000 euros effect recognized in 2011.

- The EBITDA of the **electric power operations** were positive by 176,114,000 euros, as against a loss of 1,340,000 euros in 2011. This result reflects a gain of 84,743,000 euros generated by the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, offset in part by a provision of 57,225,000 euros for future charges, and higher sales prices. It is worth to be mentioned the gain of 54,073,000 euros, arising from the definition of the avoided fuel cost for the year 2009 as a result of the new regulation.
  Net production of electric power totaled about 19 TWh, down from 23 TWh in 2011. Thermoelectric production declined by 20%, due mainly to the divestment, in October 2011, of the thermoelectric power plants dedicated to the ILVA production facility in Taranto and an across-the-board reduction in National demand for electric power that affected disproportionately facilities powered with fossil fuels. Another negative factor affecting performance was a 9% decrease in hydroelectric production caused by a reduced availability of water resources in 2012.

6. Net Change in Fair Value of Derivatives (Commodities and Foreign Exchange)

The net change in fair value of commodity derivatives was positive by 25,550,000 euros (negative by 2,684,000 euros in 2011). A breakdown is provided below:

(in thousands of euros)	2012	2011(**)	Change	% change
Change in fair value in hedging the price risk on energy products:	**50,888**	**4,050**	**46,838**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	(856)	1,458	(2,314)	n.m.
- not definable as hedges pursuant to IAS 39	51,744	2,592	49,152	n.m.
Change in fair value in hedging the foreign exchange risk on commodities:	**(25,338)**	**(6,734)**	**(18,604)**	**n.m.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	132	-	132	n.m.
- not definable as hedges pursuant to IAS 39	(25,470)	(6,734)	(18,736)	n.m.
Total	**25,550**	**(2,684)**	**28,234**	**n.m.**

(*) Includes the ineffective portion.
(**) The 2011 amounts reflect the new presentation of the net change in the fair value of derivatives (commodities and foreign exchange).

This line item reflects the change in fair value for the period of derivatives executed as economic hedges for purchases or sales of commodities (Industrial Portfolio) and, when commodities are denominated in foreign currencies, of the corresponding foreign exchange risk, including the ineffective portion of commodity and foreign exchange derivatives definable as Cash Flow Hedges.
This line item does not include the change in fair value for the period of derivatives in the Trading Portfolio.

7. Depreciation, Amortization and Writedowns

Depreciation, amortization and writedowns decreased to 469,684,000 euros, or 124,543,000 euros less than in 2011, as the combined result of a decrease of 50,858,000 euros in depreciation and amortization expense and a reduction of 73,685,000 euros in writedowns, as explained below:

A breakdown is provided in the table that follows:

(in thousands of euros)	2012	2011	Change	% change
Depreciation of property, plant and equipment	234,926	286,049	(51,123)	(17.9%)
Depreciation of investment property	114	37	77	n.m
Amortization of hydrocarbon concessions	20,294	18,149	2,145	11.8%
Amortization of other intangible assets	6,555	8,512	(1,957)	(23.0%)
Total amortization and depreciation	**261,889**	**312,747**	**(50,858)**	**(16.3%)**
Writedown of property, plant and equipment	204,796	120,717	84,079	n.m.
Writedown of goodwill	-	159,750	(159,750)	n.m.
Writedown of intangible assets	2,999	1,013	1,986	n.m.
Total writedowns	**207,795**	**281,480**	**(73,685)**	**n.m.**
Total	**469,684**	**594,227**	**(124,543)**	**(21.0%)**
breakdown by business segment:				
Electric power operations	386,644	343,804	42,840	12.5%
Hydrocarbons operations	70,024	69,926	98	0.1%
Corporate activities	13,016	180,497	(167,481)	(92.8%)
Total	**469,684**	**594,227**	**(124,543)**	**(21.0%)**

A review by business segment is provided below:

- In the **electric power** segment:
  - **depreciation and amortization** decreased to 181,658,000 euros, or 49,329,000 euros less than in 2011, due mainly to the divestment of the Taranto power plants in the second half of 2011, the extension of some hydroelectric concessions and the effect of the writedowns recognized at December 31, 2011;
  - **Writedowns,** which totaled 204,986,000 euros, concerned mainly a thermoelectric power plant (180,000,000 euros, due to the early termination of the contract to supply steam), the Piombino thermoelectric power plant (20,938,000 euros, due to the early termination of the CIP 6/92 contract), some housing land parcels (1,027,000 euros) and other intangible assets (2,999,000 euros).
- In the **hydrocarbons** segment, depreciation and amortization amounted to 70,024,000 euros, substantially in line with the previous year. The amortization of exploration costs was 1,035,000 euros.
- In the **corporate** segment, a writedown of 2,810,000 euros was recognized to align the carrying amount of some plots of land to the value determined by an independent appraiser.

A detailed analysis of the effects of the Company's impairment test is provided later in these Notes in the section entitled "Impairment Test in accordance with IAS 36 Applied to the Value of Goodwill, Property, Plant and Equipment and Other Intangibles" (Note 17).

8. Net Financial Income (Expense)

Net financial expense totaled 54,105,000 euros, for a decrease of 15,730,000 euros compared with 2011 (69,745,000 euros).

The improvement achieved in 2012 is chiefly the result of smaller net foreign exchange losses (net losses of 11,821,000 euros, compared with net losses of 16,648,000 euros in 2011), due to the combined effect of smaller net losses on derivative transactions executed to hedge purchases of natural gas and smaller net foreign exchange losses on commercial transactions. The following factors also had an impact on performance during the period:

- the cost of money was somewhat lower than in 2011;
- the average net financial debt for the year decreased due mainly to the proceeds generated by the sale of Edipower.

The table that follows provides a breakdown of the components of financial income and expense:

(in thousands of euros)	2012	2011	Change
Financial income			
Financial income from Group companies	86,673	75,253	11,420
Financial income from financial derivatives	82,628	86,608	(3,980)
Interest earned on trade receivables	4,241	1,882	2,359
Bank interest earned	1,529	1,519	10
Other financial income	844	3,207	(2,363)
Total financial income	**175,915**	**168,469**	**7,446**
Financial expense			
Interest paid on bond issues	(71,020)	(73,799)	2,779
Fair value hedge adjustment on bonds	(33,244)	(47,284)	14,040
Financial expense on financial derivatives	(49,222)	(33,109)	(16,113)
Bank interest paid	(18,864)	(25,928)	7,064
Financial expense on decommissioning projects	(14,894)	(14,058)	(836)
Financial expense paid to Group companies	(8,439)	(6,601)	(1,838)
Bank fees paid	(6,600)	(6,888)	288
Other financial expense	(15,827)	(13,899)	(1,928)
Total financial expense	**(218,110)**	**(221,566)**	**3,456**
Net financial income (expense)	**(42,195)**	**(53,097)**	**10,902**
Foreign exchange gains (losses)			
Foreign exchange gains	90,645	96,892	(6,247)
Foreign exchange losses	(102,465)	(113,540)	11,075
Net foreign exchange gain (loss)	**(11,820)**	**(16,648)**	**4,828**
Total net financial income (expense)	**(54,015)**	**(69,745)**	**15,730**

Please note that:

- **Other financial expense** includes 6,569,000 euros in financial charges to update provisions for risks, 4,059,000 euros in expense for transactions involving the assignment of receivables without recourse, 1,283,000 euros in interest paid on the lease for the Leonis ship and 1,071,000 euros in accrued financial expense on employee severance indemnities computed with the method required by IAS 19.
- **Foreign exchange gains (losses)** include the effects of derivatives executed to hedge foreign exchange risks on commodity purchases, which generated a net loss of 10,318,000 euros in 2012.
- Information about other **transactions in financial derivatives** is provided in a separate disclosure.

9. Income from (Expense on) Equity Investments

Net income from equity investments increased to 107,705,000 euros, for an improvement of 36,072,000 euros compared with 2011, when the balance was 71,633,000 euros. The table that follows provides a breakdown of this item:

(in thousands of euros)	2012	2011	Change
Income from equity investments			
Dividends from Group companies:			
Dividends from subsidiaries and affiliated companies			
- Edison Trading	70,000	-	70,000
- Jesi Energia	33,600	-	33,600
- Edison Stoccaggio	15,000	15,000	-
- Termica Milazzo	10,133	32,238	(22,105)
- Edison Energie Speciali	6,514	7,294	(780)
- Ibiritermo	4,697	7,587	(2,890)
- Edison Energia	4,000	-	4,000
- Hydros	3,200	3,200	-
- Sel Edison	2,564	3,116	(552)
- Gever	2,217	2,761	(544)
- Termica Cologno	1,560	1,812	(252)
- Terminale GNL Adriatico	1,499	3,284	(1,785)
- AMG Gas	1,488	1,136	352
- Dolomiti Edison Energy	1,063	1,348	(285)
- Other subsidiaries and affiliated companies	1,502	1,168	334
	159,037	**79,944**	**79,093**
Revaluation of equity investments	**-**	**73,400**	**(73,400)**
Dividends from other companies	**-**	**252**	**(252)**
Revaluation of trading securities	**1,436**	**-**	**1,436**
Gains on the sale of equity investments	**146**	**7,017**	**(6,871)**
Total income from equity investments	**160,619**	**160,613**	**6**
Expense on equity investments			
Writedowns of equity investments			
- Edison International Holding	(18,240)	(27,100)	8,860
- Edison International	(13,400)	-	(13,400)
- Termica Milazzo	(10,300)	(18,700)	8,400
- Jesi Energia	(5,311)	-	(5,311)
- Nuova Alba	(2,556)	(652)	(1,904)
- Sarmato Energia	(1,291)	(22,650)	21,359
- Montedison	(1,250)	(1,730)	480
- Galsi	(325)	(400)	75
- RCS Mediagroup	-	(6,520)	6,520
- Terminale GNL Adriatico	-	(6,175)	6,175
- AMG Gas	-	(800)	800
- MB Venture	-	(201)	201
- Other equity investments	(49)	(112)	63
Total writedowns of equity investments	**(52,722)**	**(85,040)**	**32,318**
Writedowns of trading securities	**(192)**	**(3,940)**	**3,748**
Total expense on equity investments	**(52,914)**	**(88,980)**	**36,066**
Income from (Expense on) equity investments, net	**107,705**	**71,633**	**36,072**

Revaluation of trading securities refers to the mark to market of the interest held in American Superconductor.
Writedowns of equity investments totaling 52,722,000 euros were recognised to reflect adjustments to the carrying amounts of some investee companies, also due to the results of the impairment test performed on the investee companies assets.

10. Other Income (Expense), Net

Net other expense totaled 33,476,000 euros in 2012, compared with net other expense of 13,134,000 euros recognized the previous year. The balance in this account is the net result of nonrecurring items that are not directly related to the Group's industrial or financial operations, including:

- **income** of 1,808,000 euros resulting mainly from the end of risks related to extraordinary transactions executed in previous years;
- **expense** of 35,284,000 euros related mainly to a provision for tax risks amounting to 15,200,000 euros recognized in connection with disputed corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1991 and 1992 tax years of the absorbed company Calcestruzzi SpA, a provision for environmental risks of 3,300,000 and costs mainly for extraordinary transactions executed in previous years.

11. Income Taxes

Income taxes were positive by 63,492,000 euros, for an increase of 62,193,000 euros compared with the total tax burden reported in 2011.
A breakdown of income taxes and a comparison with 2011 is provided below:

(in thousands of euros)	2012	2011	Change
Current taxes	50,084	(24,417)	74,501
Net deferred-tax liabilities (assets)	(110,562)	(94,584)	(15,978)
Income taxes attributable to previous years	(3,014)	(6,684)	3,670
Total	**(63,492)**	**(125,685)**	**62,193**

Current taxes include 38,984,000 euros for corporate income tax (IRES) and 11,474,000 euros for regional taxes (IRAP).

Net deferred-tax liabilities (assets) include the utilization of deferred-tax assets recognized upon transition to the IFRSs for the use of fair value as the deemed cost of non-current assets, amounting to 88,296,000 euros.

The table below shows, in relative terms, the composition of the tax rate for 2012 and provides a comparison with the previous year:

(in thousands of euros)	2012		2011	
Result before taxes (*)	**(88,282)**		**(497,563)**	
Theoretical income taxes	**(24,278)**	**27.5%**	**(189,074)**	**38.0%**
Non-taxable dividends	(41,597)	47.1%	(29,016)	5.8%
Writedowns (Revaluations) of equity investments	14,156	(16.0%)	5,920	(1.2%)
Permanent differences	7,388	(8.4%)	85,206	(17.1%)
Income taxes applicable to previous years and other differences	(3,013)	3.4%	(6,684)	1.3%
IRAP	11,474	(13.0%)	1,750	(0.4%)
Deferred taxes	(27,622)	31.3%	6,213	(1.2%)
Total income taxes in the income statement	**(63,492)**	**71.9%**	**(125,685)**	**25.3%**

(*) Does not include the components attributable to the discontinued operations.

The Vega oil field is located in the Strait of Sicily, 20 kilometers off the Pozzallo (RG) coast. The facilities include a platform (Vega A), built on eight legs in about 120 meters of water, and the Leonis Floating Storage Offloading (FSO) vessel.

The table that follows provides a breakdown of **deferred-tax liabilities and deferred-tax assets** and shows the changes that occurred in 2012:

(in thousands of euros)	12.31.2011	Additions	Utilizations	Riclassif./Other changes	12.31.2012
Provision for deferred taxes:					
Valuation differences of property, plant and equipment	157,900	-	(87,698)	(12,565)	57,637
Adoption of IAS 17 to value finance leases	27,040	-	(598)	-	26,442
Adoption of IAS 39 to value financial instruments:					
- impact on the income statement	-	-	-	-	-
- impact on shareholders' equity	-	77	-	-	77
Other deferred taxes	275	210	(162)	-	323
	185,215	**287**	**(88,458)**	**(12,565)**	**84,479**
Offsets	(53,983)	(28,139)	5,340	5,152	(71,030)
Provision for deferred taxes net of offsets	**131,232**	**(27,852)**	**(82,518)**	**(7,413)**	**13,449**
Deferred-tax assets:					
Tax assets from tax losses	6,882	1,138	-	-	8,020
Taxed provisions for risks	41,694	21,576	(547)	(5,152)	57,571
Adoption of IAS 39 to value financial instruments:					
- impact on the income statement	98	-	(84)	-	14
- impact on shareholders' equity	3,587	3,471	(3,587)	-	3,471
Other deferred-tax assets	1,722	1,954	(1,722)	-	1,954
	53,983	**28,139**	**(5,940)**	**(5,152)**	**71,030**
Offsets	(53,983)	(28,139)	5,940	5,152	(71,030)
Deferred-tax assets net of offsets	**-**	**-**	**-**	**-**	**-**

12. Profit (Loss) from Discontinued Operations

The profit of 80,776,000 euros reflects the revision of the sales price, net of cost to sell, of the investment held in Edipower.

A more detailed analysis of this transaction is provided in the section of this Report entitled "Disclosures Required by IFRS 5."


NOTES TO THE BALANCE SHEET

Assets

13. Property, Plant and Equipment

Property, plant and equipment, which consist of the Company's production assets, totaled 2,733,172,000 euros, or 362,499,000 euros less than the 3,095,671,000 euros reported at December 31, 2011, as depreciation expense and asset writedowns exceeded additions for the year. The table below shows the main changes that occurred in 2012:

(inthousands of euros)	Land and buildings	Plant and machinery	Manufacturing and distribution equipment	Other assets	Constr. in progress and advances	Total
Balance at 12/31/11 (A)	**423,656**	**2.571.627**	**2.329**	**4,491**	**93,568**	**3,095,671**
Changes in 2012:						
- Additions	519	75,957	324	194	10,973	87,967
- Disposals (-)	(627)	(22,141)	(3)	(42)	-	(22,813)
- Depreciation (-)	(13,374)	(219,663)	(761)	(1,128)	-	(234,926)
- Writedowns (-)	(14,163)	(190,630)	(3)	-	-	(204,796)
- Revision of decommissioning costs	-	10,129	-	-	-	10,129
- Mergers	474	1,402	1	-	36	1,913
- altri movimenti	247	21,561	96	1	(21,878)	27
Total changes (B)	**(26,924)**	**(323,385)**	**(346)**	**(975)**	**(10,869)**	**(362,499)**
Balance at 12/31/12 (A+B)	**396,732**	**2,248,242**	**1,983**	**3,516**	**82,699**	**2,733,172**
Breakdown:						
- Historical cost	555,327	4,644,972	9,619	12,356	82,710	5,304,984
- Writedowns (-)	(36,412)	(461,288)	(79)	(73)	(11)	(497,863)
- Accumulated depreciation (-)	(122,183)	(1,935,442)	(7,557)	(8,767)		(2,073,949)
Net carrying amount	**396,732**	**2,248,242**	**1,983**	**3,516**	**82,699**	**2,733,172**

The total value of these assets reflects **construction in progress and advances** amounting to 82,699,000 euro, which are attributable almost entirely to the **hydrocarbons operation** and include about 66,425,000 euros for the development of some gas fields in Italy.

The main changes that occurred in 2012 are reviewed below:

- **Additions** of 87,967,000 euros include the following:
  - 35,452,000 euros for the **electric power operations,** mainly for an expansion of the district heating systems for greenhouses near the Candela power plant, a "Major" for a unit at the Marghera Levante power plant and completion of repowering projects at some power plants;
  - 50,997,000 euros for the **hydrocarbons operations,** including about 37,721,000 euros to the purchase and the operation of the new floating storage of loading Alba Marina and 13,276,000 euros to develop some gas fields;
- **Disposals** refer mainly to the sale of the floating storage offloading Alba Marina;
- **Depreciation** decreased to 234,926,000 euros, or 51,123,000 euros less than in the previous year, due primarily to the divestment of the Taranto thermoelectric power plants, as explained in greater detail in the note to the corresponding income statement item;
- **Writedowns** of 204,796,000 euros primarily include a thermoelectric power plant for 180,000,000 euros, due to early termination of a contract to supply steam, and the Piombino thermoelectric power plant for 20,938,000 euros, due to early termination of the CIP 6/92 contract;
- **Decommissioning revision** reflects a revision of some projected costs for the remediation of some hydrocarbon production fields;
- **Mergers** refer to the merger by absorption of the Sarmato Energia Spa subsidiary;
- The net carrying amount of **property, plant and equipment** also includes:
  - **Assets transferable without consideration** valued at 64,760,000 euros (80,483,000 euros at December 31, 2011), attributable mainly to Edison's hydroelectric operations, which hold directly 24 concessions. A breakdown is as follows:

Assets transferable without consideration (in thousands of euros)	Historical cost	Depreciation and writedowns	**Net carrying amount at 12.31.2012**	Net carrying amount at at 12.31.2011
Buildings and other assets	12,098	(11,112)	986	2,347
Plant and machinery	291,922	(228,148)	63,774	78,136
Total	**304,020**	**(239,260)**	**64,760**	80,483

  - **Assets acquired under finance leases**, which at December 31, 2012 referred to the Leonis ship put into service at the Vega field, were recognized in accordance with the IAS 17 (revised) method.

Assets acquired under finance leases (in thousands of euros)	Historical cost	Depreciation and writedowns	**Net carrying amount at 12.31.2012**	Net carrying amount at at 12.31.2011
Plant and machinery	34,224	(4,813)	29,411	30,509
Total	**34,224**	**(4,813)**	**29,411**	**30,509**

  The remaining financial debt is shown under "Long-term financial debt and other financial liabilities" for 20,804,000 euros and "Current financial debt" for 2,678,000 euros.

It is worth to be mentioned that there are collateral consisting mainly of encumbrances provided to secure loans received for 53,565,000 euros, as described in the paragraph "Commitments and contingent risks".

14. Investment Property

The Group's investment property, valued at 9,438,000 euros, consists of land and buildings that are not used for production purposes. The merger by absorption of the Montedison Srl subsidiary is the main reason for the increase compared with December 31, 2011. A breakdown of the changes that occurred in this account is provided as follows:

(in thousands of euros)	
Balance at 12/31/11 (A)	**1,282**
Changes in 2012:	
- Mergers	8,270
- Depreciation (-)	(114)
Total changes (B)	**8,156**
Balance at 12/31/12 (A+B)	**9,438**
Breakdown:	
- Historical cost	13,467
- Accumulated depreciation (-)	(1,863)
- Writedowns (-)	(2,166)
Net carrying amount	**9,438**

15. Goodwill

Goodwill totaled 2,407,570,000 euros, unchanged compared with December 31, 2011. The residual value of goodwill is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments but must be tested for impairment at least once a year.
For more detailed analysis please see the disclosure provided later in these Notes entitled "Impairment Test applied in accordance with IAS 36" (see Note 17).

16. Hydrocarbon Concessions

Concessions for the production of hydrocarbons consist of 47 hydrocarbon production leases in Italy and amounted to 137,235,000 euros. The decrease of 20,294,000 euros compared with December 31, 2011 is the result of the amortization for the period. The table below shows the balance in this account and the changes that occurred in 2012:

(in thousands of euros)	
Balance at 12/31/11 (A)	**157,529**
Changes in 2012:	
- Amortization (-)	(20,294)
Total changes (B)	**(20,294)**
Balance at 12/31/12 (A+B)	**137,235**
Breakdown:	
- Historical cost	329,566
- Accumulated amortization (-)	(192,242)
- Writedowns (-)	(89)
Net carrying amount	**137,235**

Disclosure About the Concessions Held by Edison Spa

The table below shows a breakdown of the concessions held by Edison. As explained earlier in these Notes, the corresponding carrying amounts are included under "Intangibles" and "Hydrocarbon concessions."

	Number	Remaining life	
		from	to
Hydroelectric concessions	24	1	17
Hydrocarbon concessions	47	unit of production (*)	

(*) The amortization and the remaining life of mineral deposits is computed as a ratio of the quantity extracted to the available reserves.

17. Other Intangible Assets

The balance of 18,758,000 euros, up by 2,353,000 euros compared with December 31, 2011 (16,405,000 euros), includes the following:

- 10,933,000 euros for CO_2 emissions rights held in excess of the Company's overall requirements; these rights were measured at fair value, which required writing down their carrying amount by 2,999,000 euros;

- 7,151,000 euros for patents, licenses and similar rights consisting mainly of software licenses;
- 599,000 euros for work in progress.

The table that follows shows the changes that occurred in 2012:

(in thousands of euros)	
Balance at 12/31/11 (A)	**16,405**
Changes in 2012:	
- Additions	12,045
- Amortization (-)	(6,555)
- Disposals (-)	(144)
- Writedowns (-)	(2,999)
- Mergers	33
- Other changes	(27)
Total changes (B)	**2,353**
Balance at 12/31/12 (A+B)	**18,758**
Breakdown:	
- Historical cost	123,186
- Accumulated amortization (-)	(99,599)
- Writedowns (-)	(4,829)
Net carrying amount	**18,758**

Impairment Test in Accordance with IAS 36 Applied to the Value of Goodwill, Property, Plant and Equipment and other Intangible Assets

The effect of the impairment test performed according to IAS 36 on the financial statements of the parent company Edison, required the recognition of writedowns totaling 200,938,000 million euros, related to the electric power operations.

Specifically with regard to the value of **goodwill**, because it is an intangible asset with an indefinite useful life, pursuant to IAS 36, it cannot be amortized in regular installments, but its value must be tested for impairment at least once a year. Since goodwill does not generate cash flows independently and cannot be sold separately from the assets to which it is allocated, IAS 36 requires a test of the value that can be recovered on a residual basis. This is accomplished by determining the cash flows generated by the complex of assets that constitute the business or businesses to which goodwill is attributable: the cash generating units (CGUs).

Consistent with past practice, the test was carried out with the support of an independent appraiser based on the cash flows used in the 2013-2015 medium-term plan reviewed by the Board of Directors, the 2013 Budget part of which was approved by the Board of Directors on November 30, 2012, and on long-term projections developed by management.

These documents reflect the best estimates of Top Management with regard to the main assumptions concerning the Company's operating activities (macroeconomic and price trends, working hypothesis for operational assets and business development). These assumptions and the corresponding financials were deemed to be suitable for impairment test purposes by the Board of Directors, which approved the results.

With regard to this, please note that IAS 36 defines the recoverable value of an asset or a cash generating unit as the higher of its fair value, less costs to sell, and its value in use.

In 2012, consistent with past practice, the recoverable value pursuant to IAS 36 was estimated based on value in use, which is the present value of the future cash flows that the Company expects to receive from a given asset, determined in the manner specified below.

For the purpose of estimating value in use, the independent appraiser verified the assumptions contained in the abovementioned documents and in analyses supplementing the medium-term plan, which he checked against various reliable external sources.

In addition, the independent appraiser reviewed previous plans prepared by the Company's management and analyzed variances shown by actual data.
The recoverable value (understood as value in use) was determined based on a medium-term plan's explicit projection horizon of three years, considering cash flows net of future developments (so-called inertial plan), due to the unpredictability of the scenario in general.
The recoverable value was estimated using the financial method. It was obtained using simulations for different variables that were verified against market parameters or external sources, when available, (the most significant and sensitive to the value being: the valuation assumptions for the capacity payment of the electric power operations, the discount rates, the discount rate parameters, the margins on long-term gas contracts, the growth rates and the non-discretional investments required to keep the Company operating at a normal level) and applying statistical simulation techniques (Montecarlo method). Specifically with regard to the hydrocarbons operations, the effects of different timings for the negotiation processes of supply contracts currently under way were also taken into account.

Consistent with the cash flows described above, the discount rates applied were estimated by determining the weighted average cost of capital. Starting in 2014, consistent with current legislation concerning the Robin Hood Tax, the above mentioned rates were restated without the impact of the corporate income tax surcharge, amounting to 4% in 2013, and with the assumption that the effects of this additional tax would end starting in 2021. In constructing the discount rates, considered after tax, the different structure of borrowing costs resulting from the corporate restructuring process was also taken into account.

In accordance with the process described above, the independent appraiser determined a median recoverable value that was higher than the corresponding carrying amount as a whole. As a result, no writedown was necessary.

It is worth mentioning that, as already stated above, the impairment test of goodwill was based on management's best estimates and taking into account different key assumptions (WACC, margins, hydrocarbon reserves, etc.) and market scenarios. Those assumptions and scenarios could change in the future, particularly in a context that, as is currently the case, is characterized by high volatility, with a resulting impact on the recoverable value of the CGUs.

In order to determine if the value of its **property, plant and equipment and intangibles** had been impaired, Edison tested in the same manner the components of property, plant and equipment and intangibles held by the company's core businesses that could be identified as cash generating units.
With regard to the abovementioned property, plant and equipment and intangibles, a partial revisions of the CGUs was performed in 2012, in order to make the management reporting and the operating responsibilities of the Divisions/Business Units more consistent, as IAS 36 requires, as redefined following the corporate restructuring carried out in 2012.
This new approach which did not essentially change the impairment test results, simplified the CGU definition criteria and made them more consistent with a management approach, based on two factors:

a. the production source and the corresponding technology (hydrocarbon and electric, the latter subdivided into thermoelectric and hydroelectric);
b. the current target market, i.e., "merchant" and "CIP 6/92 and captive".

These CGUs have independent flows and the new structure is used as reference for strategic decisions. The third factor previously used to define the CGUs, i.e., whether the party that owns a given non-current asset is a separate legal entity, was eliminated since it was no longer pertinent from an industrial standpoint, given the unified and centralized management of the production facilities, treated irrespective of the production asset and the legal entity from which they originated.

As was the case for the goodwill impairment test, the analysis was carried out by identifying the recoverable value (understood as value in use) of the CGUs, based on the economic-financial plans for each CGU and on a time horizon equal to the useful lives of its assets: the cash flows used until 2015

were those obtained from Company's medium-term plan.
The financial flows used in connection with the abovementioned economic-financial plans were indicative of specific production profiles and prices and took into account such items as decommissioning costs and residual values, when identifiable.
As was done when testing goodwill for impairment, the recoverable value was estimated by applying the financial method, used in combination with the Montecarlo simulation technique (specifically for the purpose of determining the recoverable value interval).
The post-tax cash flows used for each CGU were discounted using rates that were consistent with those applied when testing goodwill for impairment. In particular regarding the merchant Thermoelectric CGU, simulations were carried out based on different valuation assumptions for the Capacity Payment, the regulatory change *in nuce* of which is reflected in long-term plan.

The impairment test carried out with the process described above showed reduction in recoverable value compared with the carrying amount for some Thermoelectric CGUs, in particular the merchant thermoelectric CGU, CIP 6/92 and captive thermoelectric CGU. The total resulting asset writedown required by the impairment test amounted to 200,938,000 euros, and refer to the following impairment indicators:
a. a projected reduction in unit margins, due to the early termination of a contract to supply steam;
b. the early termination of CIP 6/92 contracts.

Additional writedowns totaling 3,858,000 euros were recognized to align the carrying amount of some plots of land to their estimated realizable value.

Please note that the valuation of equity investments were carried out taking into account the results of the impairment tests conducted on the Group CGUs.

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

The balance of 1,510,892,000 euros includes the following:

- **Investments in associates** of 1,317,026,000 euros, consisting of investments in subsidiaries totaling 1,244,586,000 euros and investments in joint ventures and affiliated companies amounting to 72,440,000 euros;
- **Available-for-sale investments** valued at 193,866,000 euros, which include 179,128,000 euros for a 7.297% equity interest in Terminale GNL, which is the company that owns the offshore regasification terminal near Porto Viro (RO), and 9,791,000 euros for the investment in RCS Mediagroup Spa.

The table that follows shows the main changes that occurred in 2012:

(in thousands of euros)	Equity investments (*)	Available-for-sale investments	Total
Balance at 12/31/11 (A)	**1,273,751**	**197,741**	**1,471,492**
Changes in 2012:			
- Additions	1,776	-	1,776
- Divestments	-	-	-
- Changes in share capital and reserves	85,000	(8,392)	76,608
- Coverage of losses	4,938	-	4,938
- Writedowns recognized in P&L (-)	(51,430)	-	(51,430)
- Revaluations recognized in equity	-	4,517	4,517
- Other changes (-)	2,991	-	2,991
Total changes (B)	**43,275**	**(3,875)**	**39,400**
Balance at 12/31/12 (A+B)	**1,317,026**	**193,866**	**1,510,892**
Breakdown:			
- Historical cost	1,774,467	222,348	1,996,815
- Writedowns (-)	(457,441)	(28,482)	(485,923)
Net carrying amount	**1,317,026**	**193,866**	**1,510,892**

(*) The opening balance does not include the equity investment in Edipower Spa, amounting to 600,000,000 euros, which was reclassified to "Assets held for sale" and sold in 2012.

The main changes are reviewed below:
- **Additions** includes 1,595,000 euros for the acquisition of 100% of CSE and 19,000 euros to establish S.C Edison Gas and Power Romania Srl, a company engaged in the development and construction of wind power facilities in Romania;
- **Changes in share capital and reserves** refers mainly to an advance on capital contribution of 85,000,000 euros provided to the Edison Stoccaggio Spa subsidiary and 2,000 euros used to cover losses incurred by the Montedison Srl subsidiary, net of a distribution of reserves by Terminale GNL Adriatico amounting to 8,392,000 euros;
- **Writedowns recognized in profit or loss** reflects adjustments of the carrying values of some equity investments to the underlying interest in shareholders' equity, so as already mentioned in the paragraph "Income from (Expense on) Equity Investments";
- **Revaluations recognized in equity** refers to the adjustment made to the investment in RCS Mediagroup Spa to make it consistent with its stock market value;
- **Other changes** includes the following main transactions:
  - absorption of Sarmato Energia Spa, already a wholly owned subsidiary, effective vis-à-vis third parties as of March 1, 2012;
  - subsequent to the proportional demerger of the gas transmission operations of Edison Stoccaggio Spa, establishment of the wholly owned subsidiary Infrastrutture Trasporto Gas, for a total value of 32,216,000 euros;
  - absorption of Montedison Srl, already a wholly owned subsidiary, effective vis-à-vis third parties as of July 1, 2012.

A detailed list of the equity investments held at December 31, 2012 and the changes that occurred during the year is provided in the schedule entitled "List of Equity Investments" annexed to these Separate Financial Statements.

With regard to Sarmato Energia Spa, which was merged by absorption into Edison Spa effective as of March 1, 2012, the figures at the merger date were the followings:

(in thousands of euros)	See note	03.01.2012 company	Intercompany balances with Edison Spa	03.01.2012 net balances
Balance sheet				
Property, plant and equipment	13	36	-	36
Deferred tax assets	20	615	-	615
Other assets	21	16	-	16
Total non-current assets		**667**	**-**	**667**
Inventories		84	-	84
Treade receivable		536	4	532
Current tax receivables		2,088	-	2,088
Other receivables		263	125	138
Cash		8,507	8,507	-
Total current assets	22	**11,478**	**8,636**	**2,842**
Total assets		**12,145**	**8,636**	**3,509**
Shareholder's equity	24	**(26,152)**	**(22,882)**	**(3,270)**
Provision for employee severance indemnities	25	358	-	358
Provision for deferred taxes	26	68	-	68
Provision for risks and charges	27	493	-	493
Total non-current liabilities		**919**	**-**	**919**
Short term financial debt		5,025	-	5,025
Trade payables		11,208	10,651	557
Other liabilities		21,145	20,867	278
Total current liabilities	31	**37,378**	**31,518**	**5,860**
Total liabilities and shareholders' equity		**12,145**	**8,636**	**3,509**

With regard to Montedison Srl, which was merged by absorption into Edison Spa effective as of July 1, 2012, the figures at the merger date were the followings:

(in thousands of euros)	See note	07.01.2012 company	Intercompany balances with Edison Spa	07.01.2012 net balances
Balance sheet				
Investment property	14	9,658	-	9,658
Investments in associates	18	3,957	-	3,957
Other assets	21	901	-	901
Total non-current assets		**14,516**	**-**	**14,516**
Treade receivable		87	-	87
Other receivables		72	44	28
Total current assets	22	**159**	**44**	**115**
Total assets		**14,675**	**44**	**14,631**
Shareholder's equity	24	**2,356**	**(6,487)**	**8,843**
Provision for risks and charges	27	4,376	-	4,376
Total non-current liabilities		**4,376**	**-**	**4,376**
Short term financial debt		6,491	6,491	-
Trade payables		1,240	-	1,240
Other liabilities		212	40	172
Total current liabilities	31	**7,943**	**6,531**	**1,412**
Total liabilities and shareholders' equity		**14,675**	**44**	**14,631**

Cash and financial debts embedded across mergers, led to a cash absorption for an amount of 2,016,000 euros, as shown in the "Cash Flow Statement".

19. Other Financial Assets

The net carrying amount of 7,113,000 euros represents loans receivable due in more than one year. A loan owed by the Gever subsidiary accounts for virtually the entire balance in this account.

Edison produced a spot for the London Olympics featuring the rugby champion Martin Castrogiovanni. This spot was extremely well received by the public, as shown by the fact that the video went viral on YouTube and Facedbook.

20.Deferred-tax Assets

As was done in the past, since this item met the requirements of IAS 12, it was offset against the "Provision for deferred taxes." Additional information is provided in the corresponding note.

21.Other Assets

Other assets totaled 96,081,000 euros, or 63,489,000 euros more than at December 31, 2011 (32,592,000 euros). They include the following:

- 85,418,000 euros (25,456,000 euros at the end of 2011) for advances paid under long-term natural gas procurement contracts, corresponding to natural gas volumes for 2011-2012 years, that Edison was required to pay for, even though it was unable to take delivery (take-or-pay clause). It is worth mentioning that a total of 66,808,000 euros in advances paid under the long-term Norwegian contract, which expired on March 31, 2012 (42,054,000 euros), and under the long-term Russian contract (24,754,000 euros) were recovered during the year. On December 31, 2012 commitments for the activation of take-or-pay clauses on 2012 year volumes amounted 413,530,000 euros; their payment is expected in early 2013;
- 8,065,000 euros (4,570,000 euros at the end of 2011) for income tax refunds receivable and accrued interest at December 31, 2012;
- 2,593,000 euros (2,560,000 euros at the end of 2011) for security deposits.

22. Current Assets

(in thousands of euros)	12.31.2012	12.31.2011	Change
Inventories	305,606	158,783	146,823
Trade receivables	1,290,215	1,526,850	(236,635)
Current-tax assets	11,705	18,317	(6,612)
Other receivables	341,890	501,544	(159,654)
Current financial assets	2,683,101	2,852,641	(169,540)
Cash and cash equivalents	633,039	198,444	434,595
Total current assets	**5,265,556**	**5,256,579**	**8,977**

A review of the individual components and a comparison with the corresponding items at December 31, 2011 is provided below:

- **Inventories** increased to 305,606,000 euros, due mainly to a change in the inventory of stored natural gas (+148,352,000 euros). Inventories consist mainly of stored hydrocarbon products (286,759,000 euros) and supplies and equipment used to maintain and operate the Company's production facilities (18,700,000 euros). Inventories include, for 55,233,000 euros, restricted quantities of stored natural gas reserved to secure the balancing system.
- **Trade receivables** totaled 1,290,215,000 euros. A breakdown by business segment is provided below:

(in thousands of euros)	12.31.2012	12.31.2011	Change
Electric power operations	346,945	535,052	(188,107)
Hydrocarbons operations	943,550	991,196	(47,646)
Corporate activities	(280)	602	(882)
Total trade receivables	**1,290,215**	**1,526,850**	**(236,635)**
Broken down as follows:			
- amount owed by outside customers	852,494	867,980	(15,486)
- amount owed by subsidiaries and affiliated companies	437,721	658,870	(221,149)
Total trade receivables	**1,290,215**	**1,526,850**	**(236,635)**

They originate mainly from contracts to supply electric power, steam and natural gas and reflect, for 21,636,000 euros, the fair value of physical contracts for energy commodities included in the trading portfolios, attributable exclusively to the hydrocarbons operations.

Please note that Edison Spa carries out on a regular basis transactions irrevocably assigning receivables without recourse, both on a revolving monthly and quarterly basis and on a spot basis, in implementation of a policy aimed at controlling and minimizing credit risk also with such transactions. The total value of such transactions amounted to 2,148 million euros at December 31, 2012 (2,109 million euros at December 31, 2011). To be noted that there were no receivables exposed to the risk of recourse.

A breakdown of trade receivables owed by subsidiaries and affiliated companies is provided below:

(in thousands of euros)	12.31.2012	12.31.2011	Change
Subsidiaries			
Edison Trading	231,246	464,659	(233,413)
Edison Energia	183,831	166,391	17,440
Sarmato Energia	-	9,321	(9,321)
AMG Gas	6,895	7,143	(248)
Termica Milazzo	6,238	6,294	(56)
Edison Stoccaggio	5,092	-	5,092
Termica Cologno	2,786	2,909	(123)
Edison International	788	654	134
Montedison srl	-	354	(354)
Jesi Energia	546	209	337
Other companies	172	117	55
Total subsidiaries (A)	**437,594**	**658,051**	**(220,457)**
Joint ventures and affiliated companies			
Edipower	-	449	(449)
Sel Edison	127	370	(243)
Total joint ventures and affiliated companies (B)	**127**	**819**	**(692)**
Total (A+B)	**437,721**	**658,870**	**(221,149)**

Trade receivables are shown net of an allowance for doubtful accounts. The table below shows the changes that occurred in this allowance in 2011:

(in thousands of euros)	Balance at 12.31.2011	Utilizations	Additions	Other changes	Balance at 12.31.2012
Electric power operations	10,084	(334)	1,899	23	11,672
Hydrocarbons operations	10,515	(7,075)	424	(24)	3,840
Corporate activities	8,529	(54)	-	2,409	10,884
Total allowance for doubtful accounts	**29,128**	**(7,463)**	**2,323**	**2,408**	**26,396**

- **Current-tax assets,** which totaled 11,705,000 euros, include receivables for 2011 overpayments of corporate income taxes (IRES) amounting to 11,365,000 euros.
- **Other receivables,** which decreased to 341,890,000 euros, or 159,654,000 euros less than at December 31, 2011 (501,544,000 euros), are shown net of an allowance for doubtful accounts of 16,837,000 euros. A breakdown of this account is provided below:

(in thousands of euros)	12.31.2012	12.31.2011	Change
Valuation of derivatives	180,706	101,461	79,245
Amounts owed by partners and assoc. in hydrocarbon exploration projects	40,156	51,053	(10,897)
Provision of technical, admin. and financial services to Group companies	27,036	57,167	(30,131)
Receivable from Transalpina di Energia for the consolidated income tax return	20,417	72,645	(52,228)
Dividends receivable from subsidiaries	18,831	1,891	16,940
Receivable from subsidiaries for the VAT in pool	12,169	5,930	6,239
Prepaid contributions to pension funds	5,156	6,121	(965)
Prepaid insurance premiums	4,873	11,060	(6,187)
Advances paid to suppliers	3,160	6,738	(3,578)
Prepaid hydroelectric concession fees	1,284	1,100	184
Amounts owed by local governments	758	1,003	(245)
Receivable from tax administration for VAT	-	60,711	(60,711)
Receivables for advances on take-or-pay contracts	-	42,054	(42,054)
Sundry items	27,344	82,610	(55,266)
Total	**341,890**	**501,544**	**(159,654)**
Broken down as follows:			
- amount owed by outsiders	283,854	436,556	(152,702)
- amount owed by subsidiaries and affiliated companies	58,036	64,988	(6,952)
Total	**341,890**	**501,544**	**(159,654)**
amount of allowance for doubtful accounts	**(16,837)**	**(15,978)**	**(859)**

The increase shown for receivables arising from the **valuation of derivatives** should be analyzed in conjunction with the corresponding liability included in “Current liabilities” (up from 116,770,000 euros to 165,601,000 euros). These effects reflect changes in the market price scenario compared with December 31, 2011, specifically regarding Brent crude and the EUR/USD exchange rate. A comprehensive description of the impact of derivatives is provided in a separate disclosure included in the “Financial Risk Management” section of this Report.
Increased in deliveries of natural gas allowed to fully recover the **advances under take-or-pay contracts** paid in previous years and included in this item.

The table below provides a breakdown of sundry receivables from subsidiaries and affiliated companies, which reflect mainly service activities, dividends to be collected and receivables from VAT in pool:

(in thousands of euros)	12.31.2012	12.31.2011	Change
Subsidiaries			
Termica Milazzo	18,571	15,517	3,054
Edison Energie Speciali	12,027	3,431	8,596
Edison Trading	10,837	8,705	2,132
Edison Energia	2,628	14,892	(12,264)
Gever	2,503	-	2,503
Sarmato Energia	-	21,057	(21,057)
Hydros	1,798	-	1,798
Dolomiti Edison Energy	1,276	-	1,276
Edison Stoccaggio	1,213	-	1,213
AMG Gas	1,109	-	1,109
Oher companies	6,074	1,386	4,688
Total	**58,036**	**64,988**	**(6,952)**

- A breakdown of **current financial assets,** which totaled 2,683,101,000 euros, or 169,540,000 euros less than at December 31, 2011, is as follows:

(in thousands of euros)	12.31.2012	12.31.2011	Change
Equity investments held for trading	5,003	3,759	1,244
Loans receivable	2,588,400	2,795,904	(207,504)
Derivatives	89,698	52,978	36,720
Total current financial assets	**2,683,101**	**2,852,641**	**(169,540)**

Equity Investments Held for Trading

This account includes investments in publicly traded companies, the values of which were marked to market at the end of 2012. A breakdown is provided below:

(in thousands of euros)	12.31.2012	12.31.2011	Change
Acegas Spa	3,770	2,334	1,436
ACSM Spa	915	969	(54)
American Superconductor Corp.	318	456	(138)
Total	**5,003**	**3,759**	**1,244**

Loans Receivable

Loans receivable reflect financial transactions with subsidiaries and affiliated companies. They represent the balances in the corresponding intercompany current accounts, a list of which is provided below:

(in thousands of euros)	12.31.2012	12.31.2011	Change
Subsidiaries			
Edison International	1,411,365	1,204,905	206,460
Edison Energia	556,553	364,740	191,813
Edison Energie Speciali	297,859	309,398	(11,539)
Edison Stoccaggio	163,142	296,835	(133,693)
Infrastrutture Trasporto Gas	94,299	-	94,299
Edison DG	29,344	27,556	1,788
Hydros	12,000	14,001	(2,001)
Compagnia Energetica Bellunese	10,161	10,931	(770)
Sistemi di Energia	5,085	1,303	3,782
Termica Cologno	106	-	106
Montedison	-	6,548	(6,548)
Subtotal (A)	**2,579,914**	**2,236,217**	**343,697**
Joint ventures and affiliated companies			
Edipower	-	550,090	(550,090)
Ibiritermo	8,486	9,597	(1,111)
Subtotal (B)	**8,486**	**559,687**	**(551,201)**
Total (A+B)	**2,588,400**	**2,795,904**	**(207,504)**

To be noted that Edipower Spa repaid the shareholders' loan received in December 2011, plus interest accrued.

Derivatives

This item refers in its entirety to the measurement at fair value of derivatives hedging interest rate and foreign exchange risks that were outstanding at December 31, 2012.
A comprehensive description of the impact of derivatives is provided in a separate disclosure included in the "Financial Risk Management" section of this Report.

- **Cash and cash equivalents,** which totaled 633,039,000 euros (198,444,000 euros at December 31, 2011), consist of short-term deposits in bank and postal accounts and other readily available assets.

23. Assets Held for Sale

Differently from December 31, 2011, this account currently has a zero balance, due to the sale of Edipower. Detailed information is provided in the section of this Report entitled "Disclosures Required by IFRS 5."

Liabilities and Shareholders' Equity

24. Shareholders' Equity

Edison's shareholders' equity increased to 5,945,658,000 euros, or 62,985,000 euros more than at December 31. 2011, when it totaled 5,882,673,000 euros.

This increase is the net result of the following items:

- 55,986,000 euros for the profit for the period;
- 7,076,000 euros for the positive change both in the cash flow hedge reserve (2,636,000 euros) and the reserve for available-for-sale investments (4,440,000 euros).

The main component of **Other reserves** is a reserve of 382,362,000 euros recognized in connection with the adjustment to fair value as the deemed cost of property, plant and equipment upon transition to the IFRSs.

In 2012 Edison's corporate restructuring was completed. On May 24, 2012, the main shareholders A2A, Delmi and Électricité de France (EDF) completed the corporate restructuring and as a result of which Electricitè de France (EDF) acquired sole control of Edison and, at the same time, 70% of Edipower (controlled 50% by Edison and 20% by Alpiq) was sold to the Italian shareholders acting jointly through Delmi. Following the agreement reached:

- On July 2, 2012, Transalpina di Energia Srl launched a mandatory tender offer on all the common shares of Edison Spa, ended on August 3, 2012.
- On August 13, 2012, pursuant to Article 108, paragraph 1, of Legislative Decree No. 58/1998, Transalpina di Energia Srl began the purchase obligation on such common shares.
- Borsa Italiana delisted the common shares of Edison Spa from the Online Securities Market effective September 10, 2012.

The Board of Directors, acting in accordance with Edison's Bylaws, which, in the event of a delisting of the common shares, gives the holders of savings shares the option of converting their shares (listed on Borsa Italiana's Online Securities Market) into common shares, set the optional conversion period to run from November 2 to November 30, 2012. The conversion ratio was set at 1 common share for each savings share held.

Following this transaction, a total of 437,573 savings shares, equal to 0.396% of the savings share capital were converted. The table below shows a breakdown of the Company's share capital, comprised of shares with a par value of 1 euro each, before and after conversion:

	Share capital before conversion			**Share capital after conversion**		
	euros	No. of shares	% of share capital	euros	No. of shares	% of share capital
Common shares	5,181,108,251.00	5,181,108,251	97.91%	**5,181,545,824.00**	**5,181,545,824**	**97.92%**
Savings shares	110,592,420.00	110,592,420	2.09%	**110,154,847.00**	**110,154,847**	**2.08%**
Total	5,291,700,671.00	5,291,700,671	100.00%	**5,291,700,671.00**	**5,291,700,671**	**100.00%**

The table below provides a breakdown of the change that occurred in the cash flow hedge reserve due to the adoption of IAS 39 for the accounting treatment of derivatives. The change refers to the provisional recognition in equity of the fair value of derivatives executed to hedge price and foreign exchange risks on energy commodities.

Reserve for Cash Flow Hedge Transactions

(in thousands of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2011	(11,041)	3,587	(7,454)
- Change in 2012	2,752	(116)	2,636
Reserve at December 31, 2012	**(8,289)**	**3,471**	**(4,818)**

The following changes occurred in the Reserve for available-for-sale investments, (IAS 32), the entire amount of which is attributable to RCS Mediagroup Spa:

Reserve for Available-for-sale Investments

(in thousands of euros)	Gross reserve	Deferred taxes	Net reserve
Reserve at December 31, 2011	-	-	-
- Change in 2012	4,517	(77)	4,440
Reserve at December 31, 2012	**4,517**	**(77)**	**4,440**

25. Provision for Employee Severance Indemnities and Provisions for Pensions

These provisions, which amounted to 24,471,000 euros, down 1,010,000 euros compared with December 31, 2011, reflect the accrued severance indemnities and other benefits owed to employees at December 31, 2012. A valuation in accordance with the criteria of IAS 19 was performed only for the liability corresponding to the provision for employee severance indemnities that is still held at the Company.

The economic and financial parameters used for valuation purposes are listed below:

- Technical annual discount rate 3.95%
- Annual inflation rate 2.00%

The table below shows the changes that occurred in 2012:

(in thousands of euros)	
Balance at 12/31/11 (A)	**25,480**
Changes in 2012:	
- Utilizations (-)	(1,723)
- Actuarial (gains) losses (+/-)	(417)
- Financial expense (+)	1,071
- Other changes	60
Total changes (B)	**(1,009)**
Balance at 12/31/12 (A+B)	**24,471**

26. Provision for Deferred Taxes

The balance of 13,449,000 euros (131,232,000 euros at December 31, 2011), reflects mainly the deferred-tax liability from the use during transition to the IFRSs of fair value as the deemed cost of property, plant and equipment.

The following table shows a breakdown of this provision by type of underlying temporary difference, keeping in mind that, since it met the requirements of IAS 12, this item was offset against available deferred-tax assets.

(in thousands of euros)	12.31.2012	12.31.2011	Change
Deferred-tax liabilities:			
- Differences in the valuation of property, plant and equipment	57,637	157,900	(100,263)
- Adoption of standard on finance leases (IAS 17)	26,442	27,040	(598)
- Adoption of standard on financial instruments (IAS 39)			
with impact on:			
- the income statement	-	-	-
- shareholders' equity	77	-	77
- Other deferred taxes	323	275	48
Total deferred-tax liabilities (A)	**84,479**	**185,215**	**(100,736)**
Deferred-tax assets usable for offset purposes:			
- Tax assets for tax losses	8,020	6,882	1,138
- Taxed provisions for risks	57,571	41,694	15,877
- Adoption of the standard on financial instruments (IAS 39)			
with impact on:			
- the income statement	14	98	(84)
- shareholders' equity	3,471	3,587	(116)
- Other prepaid taxes	1,954	1,722	232
Total deferred-tax assets (B)	**71,030**	**53,983**	**17,047**
Total provision for deferred taxes (A-B)	**13,449**	**131,232**	**(117,783)**

Insofar as the recognition of deferred-tax assets is concerned, they were valued in accordance with realistic assumptions that they would be realized and the tax benefits would be recovered within the limited time horizon covered by the Company's industrial plans.

27. Provisions for Risks and Charges

The provisions for risks and charges, which were established to cover contingent liabilities, increased to 746,719,000 euros, for a gain of 35,183,000 euros compared with December 31, 2011 (711,536,000 euros), as a result of the changes listed in the table that follows:

(in thousands of euros)	12.31.2011	Additions	Utilizations	Other changes and reclassifications	12.31.2012
- Disputed tax items	60,653	20,138	(47,767)	-	33,024
- Risks for disputes, litigation and contracts	132,341	4,817	(3,762)	-	133,396
- Charges for contractual guarantees on the sale of equity investments	80,324	-	(5,729)	-	74,595
- Provisions for decommissioning and remediation of industrial sites	333,232	14,894	(5,002)	12,119	355,243
- Environmental risks	31,260	4,923	(2,926)	4,335	37,592
- Risks on equity investments	12,294	-	-	(12,252)	42
- Provisions for CO_2 emissions rights and Green Certificates	16,504	7,136	(16,504)	-	7,136
- Other risks and charges	44,928	65,335	(5,028)	456	105,691
Total	**711,536**	**117,243**	**(86,718)**	**4,658**	**746,719**

More specifically:

- The main components of **additions** of 117,243,000 euros include 57,225,000 euros for potential future charges related to the early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, 14,894,000 euros in financial expense on provisions for site decommissioning and remediation, 6,568,000 euros for statutory and tax interest accrued on existing provisions and, lastly, 31,420,000 euros in additions to provisions for environmental, legal and tax related risks.

- **Utilizations** of 86,718,000 euros includes charges for tax disputes (47,767,000 euros), contract disputes (3,762,000 euros), green certificates (16,504,000 euros), environmental issues (2,926,000 euros) and other risks (15,759,000 euros).
- **Other changes** include 12,252,000 euros for the elimination of a provision for risks established in connection with the investment held in the Sarmato Energia Spa subsidiary, following its merger by absorption effective April 1, 2012, an increase of 10,130,000 euros in decommissioning costs, offset by an addition of equal amount to property, plant and equipment, and 4,335,000 euros for the conveyance of certain environmental provisions in connection with the merger by absorption of Montedison Srl.

More detailed information about the entries that resulted in the current composition of the provisions for risks and charges is provided in the section of this Report entitled "Status of the Main Legal and Tax Disputes Pending at December 31, 2012."

28. Bonds

The balance of 1,795,635,000 euros (1,793,438,000 euros at December 31, 2011) represents the non-current portion of bonds issues, valued at amortized cost.
The table below shows the balance outstanding at December 31, 2012 and indicates the fair value of each bond issue:

(in millions of euros)						Carrying value			
Market where traded	Currency	Par value outstanding	Coupon	Rate	Maturity	Non-current portion	Current portion	Total	Fair value
Euro Medium Term Notes:									
Luxembourg Secur. Exch.	EUR	700,000	Annual in arrears	4.250%	07.22.2014	699,332	32,357	731,689	748,568
Luxembourg Secur. Exch.	EUR	500,000	Annual in arrears	3.250%	03.17.2015	499,113	22,004	521,117	535,119
Luxembourg Secur. Exch.	EUR	600,000	Annual in arrears	3.875%	11.10.2017	597,190	49,365	646,555	661,387
Total		**1,800,000**				**1,795,635**	**103,726**	**1,899,361**	**1,945,074**

The valuation at amortized cost of the bond issues, a portion of which was hedged with derivatives against the risk of changes in fair value caused by the interest rate fluctuations, was restated in accordance with hedge accounting rules to take into account the variation in the hedged risk.

29. Long-term Financial Debt and Other Financial Liabilities

A breakdown of the balance of 119,233,000 euros is as follows:

(in thousands of euros)	12.31.2012	12.31.2011	Change
Due to banks	98,429	1,162,126	(1,063,697)
Due to other lenders	20,804	23,482	(2,678)
Total	**119,233**	**1,185,608**	**(1,066,375)**

The decrease in the **amount due to banks** reflects primarily a reclassification to current liabilities of a standby syndicated credit line held by Edison Spa (1,500 million euros in face expiring in April 2013) against which a total of 1,150 million euros had been drawn at December 31, 2012.
The **amount due to other lenders** refers to a finance lease for the Leonis ship used for the Vega field.

For detailed information please see the "Liquidity Risk" paragraph of the "Financial Risk Management" section of this Report.

30. Other Liabilities

The balance of 23,176,000 euros, unchanged compared with December 31, 2011, reflects the suspension of the gain earned by Edison Spa on the sale of a 51% interest in Dolomiti Edison Energy in 2008, while agreements providing both parties with put and call options are in effect.

31. Current Liabilities

Current liabilities totaled 3,517,475,000 euros. A breakdown is as follows:

(in thousands of euros)	12.31.2012	12.31.2011	Change
Bonds	103,726	70,909	32,817
Short-term financial debt	1,922,775	1,871,519	51,256
Trade payables	1,110,180	973,656	136,524
Current taxes payable	4,905	-	4,905
Other liabilities	375,889	376,844	(955)
Total current liabilities	**3,517,475**	**3,292,928**	**224,547**

The main current liability accounts are reviewed below:

- **Bonds** totaled 103,726,000 euros, including the total accrued interest at December 31, 2012;
- **Short-term financial debt** amounted to 1,922,775,000 euros. The table below shows the composition of this account:

(in thousands of euros)	12.31.2012	12.31.2011	Change
Due to subsidiaries and affiliated companies	681,925	893,346	(211,421)
Due to banks	1,178,588	800,822	377,766
Due to factor companies	32,499	164,911	(132,412)
Interest rate and foreign exchange derivatives	26,353	9,610	16,743
Finance leases	2,678	2,544	134
Due to the parent company EDF	710	-	710
Other liabilities	22	286	(264)
Total current liabilities	**1,922,775**	**1,871,519**	**51,256**

The amount due to banks include 1,150 million euros drawn from a committed stand-by credit line. It is worth mentioning that the club-deal credit line (face value of 700,000,000 euros) was repaid in full in 2012 thanks to the collection of the proceeds from the sale of Edipower.
For more detailed information about the changes that occurred in 2012, please consult the “Net Financial Debt” section of this Report. Detailed information about the content is provided in “Liquidity Risk” paragraph of the “Financial Risk Management” section of this Report.

The table below shows the amounts owed to subsidiaries and affiliated companies:

(in thousands of euros)	12.31.2012	12.31.2011	Change
EdisonTrading	575,270	756,144	(180,874)
Edison International Holding	33,163	22,726	10,437
Jesi Energia	19,257	50,184	(30,927)
Euroil Exploration	12,036	11,748	288
Poggio Mondello	10,767	10,881	(114)
Termica Milazzo	10,990	7,979	3,011
Nuova Alba	6,423	5,196	1,227
Parco Eolico San Francesco	5,646	2,709	2,937
Nuova Cisa	4,216	4,487	(271)
AMG Gas	3,038	3,196	(158)
Infrastrutture Trasporto Gas	485	-	485
Parco Eolico Castelnuovo	343	-	343
Sarmato Energia	-	8,137	(8,137)
Termica Cologno	-	6,667	(6,667)
Dolomiti Edison Energy	-	2,947	(2,947)
Other subsidiaries	291	345	(54)
Total	**681,925**	**893,346**	**(211,421)**

- **Trade payables** totaled 1,110,181,000 euros, an amount higher than at December 31, 2011. A breakdown by business segment is provided below:

(in thousands of euros)	12.31.2012	12.31.2011	Change
Electric power operations	181,317	258,892	(77,575)
Hydrocarbons operations	903,753	693,396	210,357
Corporate activities	25,111	21,368	3,743
Total trade payables	**1,110,181**	**973,656**	**136,525**

Trade payables refer mainly to purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance. This item also includes the fair value of physical contracts for energy commodities included in the Trading Portfolios, amounting to 24,344,000 euros.
The main reasons for the increase in trade payables compared with December 31, 2011 were the prices and volumes dynamics commented earlier.
Trade payables due to subsidiaries and associates amounted to 77,695,000 euros, of which 72,575,000 euros due to Edison Trading Spa.

- The balance due for **Current taxes payable** was equal to 4,905,000 euros. It is related to the regional taxes (IRAP) net of a receivables for 2011 overpayments amounting to 6,556,000 euros.
- A breakdown of Other liabilities, which at 375,889,000 euros were substantially in line with the amount at December 31, 2011, is provided below:

(in thousands of euros)	12.31.2012	12.31.2011	Change
Valuation of derivatives	165,601	116,770	48,831
Joint holders of permits and concessions for the production of hydrocarbons	30,475	94,026	(63,551)
Payables due to tax administration VAT	37,226	-	37,226
Amounts payable to employees	20,635	20,013	622
Amounts owed to pension and social security institutions	17,055	16,573	482
Payables owed for consulting and other services	27,103	16,878	10,225
Royalties payable	16,852	10,399	6,453
Group companies in connection with the filing of a Group VAT return	6,124	47,005	(40,881)
Excise and other taxes payable	4,552	2,865	1,687
Customer advances	4,829	953	3,876
Sundry items	45,437	51,361	(5,924)
Total	**375,889**	**376,843**	**(954)**

32. Liabilities Held for Sale

This account had a zero balance at December 31, 2012.

NET FINANCIAL DEBT

At December 31, 2012, net financial debt decreased to 626 million euros, or 1,244 million euros less than the 1,870 million euros owed at December 31, 2011, due mainly to the collection of 684 million euros in proceeds from the sale of Edipower used to reduce the short-term debt exposure.
Consistent with the practice followed at the end of 2011, the table below provides a simplified breakdown of the Company's net financial debt:

(in thousands of euros)	See note	12.31.2012	12.31.2011	Change
Bonds - non-current portion	28	1,796	1,794	2
Non-current bank loans	29	98	1,162	(1,064)
Amounts due to other lenders - non-current portion	29	21	23	(2)
Total net long-term financial debt		**1,915**	**2,979**	**(1,064)**
Bonds - current portion	31	104	71	33
Current loans payable	31	1,923	1,872	51
Current financial assets	22	(2,683)	(2,853)	170
Cash and cash equivalents	22	(633)	(199)	(434)
Total net short-term financial debt		**(1,289)**	**(1,109)**	**(180)**
Total net financial debt		**626**	**1,870**	**(1,244)**

The reclassification to current liabilities (see Note 29) of a credit line expiring in April 2013 is worth mentioning.

The main cash flows from operating activities that had a material impact in changing the composition of the Company's net financial debt include the following:
Positive items:
- 684 million euros from the abovementioned divestment of Edipower;
- 336 million euros for positive EBITDA;
- 226 million euros for the positive effect of the change in the operating working capital, due specifically to a decrease in trade receivables and the effects of the successful conclusion of the renegotiations of long-term contract to purchase natural gas;
- 154 million euros from the collection of dividends from subsidiaries.

Negative items:
- 85 million euros for an advance on capital contributions provided to the Edison Stoccaggio subsidiary;
- 66 million euros for net advances paid due to the activation of take-or-pay clauses of natural gas procurement contracts;
- 100 million euros for investments in property, plant and equipment and intangibles, amounting to 88 million euros and 12 million euros, respectively.

Lastly, please note that the net financial debt includes current liabilities for 710,000 euros owed to EDF Sa, as shown in the corresponding schedule included in the section of this Report entitled "Intercompany and Related-party Transactions."

DISCLOSURES PURSUANT TO IFRS 5

Edipower Spa

Please note that, further to the agreement in principle for the corporate restructuring of Edison and Edipower reached by A2A, EDF, Delmi and Edison on December 26, 2011, Edison executed a preliminary agreement to sell its 50% equity interest in Edipower at a price of about 600 million euros. This sale transaction, which is a significant transaction with related parties, is part of a more complex restructuring project that concerns Edison's control structure. One of the purposes of this transaction is the acquisition of Edison's control by EDF, through the purchase of the remaining equity stake in Transalpina di Energia.

Basically, the transaction called for:

- EDF's purchase of 50% of Transalpina di Energia from Delmi Spa;
- purchase by Delmi Spa of 70% of Edipower, sold (i) 50% by Edison for a price of about 600 million euros; (ii) 20% by Alpiq Energia Italia for a price of 200 million euros;
- the execution of a gas supply contract by Edison (supplier) and Edipower (customer), at market prices and with a term of six years, for a quantity of gas equal to 50% of Edipower's gas needs.

The execution of the agreement, following the approval of the sale of Edipower by the Board of Directors on January 24, 2012 and February 13, 2012, based on the favorable opinion rendered by the alternative governance body equivalent to the Committee of Independent Directors comprise of three Indipendent Directors, who, in turn, relied on a fairness opinion provided by independent advisors, is conditional, in addition to receiving the approval of the relevant antitrust authorities, on the concurrent purchase by EDF of Delmi's 50% equity interest in Transalpina di Energia, which is subject to the confirmation of the CONSOB that any tender offer's price would not be higher than 0,84 euros per share.

Please note that on April 4, 2012, the Consob addressed the issue of the restructuring transaction, recommending that the price of the tender offer for the Edison shares be set within an interval ranging between 0.84 euros per share and 0.95 euros per share, in the belief that the midpoint provides a useful reference point for balancing the interest of both parties.

Consequently the partners of Transalpina di Energia reconsidered the terms of the agreement and - having obtained a favorable ruling by the Consob, which, in a new communication dated May 3, 2012, found the choice of a price of 0.89 euros per share for the tender offer for the Edison shares "consistent with the adoption of the statutory criterion for the determination of the price for mandatory tender offers" - finalized an agreement calling for:

- A redefinition of Edipower's price, as result of which the consideration for the transfer to Delmi of the equity stake held by Edison in Edipower was set at about 684 million euros.
- The acquisition of a 50% stake in Transalpina di Energia at a price corresponding to 0.89 euros per Edison share.

Consistence with that, on May 5, 2012, Edison's Board of Director accepted the amended offer received from Delmi, redefining the sales price of Edison's stake in Edipower to a total of 684 million euros.

Following the approval of the restructuring transaction by the relevant antitrust authorities on May 24, 2012, Edison sold its equity stake in Edipower to Delmi and, concurrently, EDF gained control of Edison through the acquisition of the entire capital of Transalpina di Energia, due to Delmi's sale of its equity stake in this company.

Please note that the revision of the sales price generated an economic benefit, net of cost to sell, of about 81 million euros recognized in "Profit (Loss) from discontinued operations."

Please note that, concurrently with the abovementioned transactions, Edipower repaid in full the shareholders loan of 550 million euros owed to Edison Spa, plus accrued interest.

COMMITMENTS AND CONTINGENT RISKS

(in thousands of euros)	12.31.2012	12.31.2011	Change
Guarantees provided	1,207,577	1,293,651	(86,074)
Collateral provided	80,881	84,990	(4,109)
Other commitments and risks	570,854	259,979	310,875
Total	**1,859,312**	**1,638,620**	**220,692**

Guarantees provided totaled 1,207,577,000 euros. This figure was determined based on the undiscounted amount of contingent commitments on the balance sheet date.
Guarantees provided included the following:

- 261,802,000 euros in guarantees provided for the use of electrical and gas transmission networks;
- 88,750,000 euros in guarantees provided by Edison Spa to the Milan tax office on behalf of subsidiaries for offsetting VAT credits;
- 50,000,000 euros pursuant to the Tolling and Power Purchasing Agreements, according to which Edison is responsible for the commercial obligations undertaken by its Edison Trading Spa subsidiary toward Edipower;
- Guaranteed provided by the Group's Parent Company, or by banks and secured 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 the balance.

Collateral provided, which amounted to 80,881,000 euros, represents the value of the assets or rights provided as collateral on the balance sheet date. This item includes collateral on plants, consisting mainly of encumbrances provided to secure loans received (53,565,000 euros).

Other commitments and risks, which totaled 570,854,000 euros, or 310,875,000 euros more than the previous year. This item reflects primarily commitments related to take-or-pay clauses (413,530,000 euros) and undertaken to complete investment projects under construction (88,786,000 euros).

The main commitments are reviewed below:

- the company entered into contracts for the importation of natural gas, which contain take-or-pay clauses that obligate the buyer to pay for any shortage between the stipulated maximum quantities and the quantity actually used, with the option for the buyer, at certain conditions, to recover over the life of the contract the gas volumes that it paid for but did not use. At the end of the year, other assets included 85 million euros, or 60 million euros more than at December 31, 2011, while commitments included 414 million euros for accrued 2012 amounts owed to but not yet paid to the relevant counterparties. In any case, gas delivery profiles and the economic recoverability are periodically updated during the year;
- with regard to the procurement of CO_2 certificates and Certified Emission Reductions (CERs)/Emission Reduction Units (ERUs) for the 2008-2012 period, Edison Spa signed the following contracts, for a commitment of up to 31,000,000 euros (completion of the commitment by 5/1/13, to satisfy 2012 compliance requirements):
  - Emission Reductions Purchase Agreement (ERPA) to purchase CERs in China by March 2013, for a residual commitment of up to 6,500,000 euros;
  - Management Agreement with EDF Trading Ltd (EDF Carbon Fund) for the fixed-price purchase of CERs and ERUs by 2013, for a residual commitment of up to 21,500,000 euros;
  - Purchasing and Management Agreement with Natsource Asset Management Europe (Nat-CAP) for the purchase of CERs and ERUs by 2013, for a commitment of 3,000,000 euros.
- Among transactions concerning the Electric Power Operations, Edison 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 specific price, exercisable in 2022.

• For 16 million euros, a commitment undertaken by Edison Spa in connection with companies sold in previous years.

Unrecognized Commitments and Risks

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

1) The **Hydrocarbons Operations** entered into long term contracts for the importation of natural gas from Russia, Libya, Norway, Algeria and Qatar, which will provide total supplies of 14.4 billion cubic meters of natural gas a year. The duration of these contracts ranges between 7 and 22 years. In 2012 the contract to import natural gas from Norway has been concluded.
The table below provides a breakdown of the timing for the supply of natural gas, based on minimum contractual deliveries:

		within 1 year	from 2 to 5 years	over 5 years	Total
Natural gas	Billions of m^3	13.6	54.4	153.7	**221.7**

Please note, values arise from perspective pricing formulas.

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

2) With regard to the investment in Terminale GNL Adriatico Srl, a regasification company in which Edison holds a 7.3% equity interest, the agreements between the shareholders include the following stipulations:
   • for the other shareholders, the right to buy Edison's equity interest, should Edison cancel the supply contract with RasGas, at a price equal to the sum of the capital contributions provided until the option is exercised.

Under the regasification contract executed by Edison and Terminale GNL Adriatico Srl, Edison is guaranteed access to 80% of the terminal's regasification capacity for 25 years, counting from November 2009, leaving a balance of 23 years at December 31, 2012; the annual regasification fee is estimated at about 100 million euros. With regard to the regasification fee payable, Edison's risk is limited to the following situations:
   • Edison has the right to cancel the regasification contract for force majeure events affecting the upstream and midstream chain of Terminale GNL Adriatico by paying an amount that may not be greater than the regasification fee payable for three years;
   • if a force majeure event affects Terminale GNL Adriatico, Edison will no longer be required to pay the regasification fee and may terminate the regasification contract after 36 months without being required to pay any amount;
   • in the event of a breakdown of the terminal that does not constitute a force majeure event, Edison will not be required to pay any regasification fee.

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

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

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

Status of the Main Legal and Tax Disputes Pending at December 31, 2012

A review, based on information currently available, of the main legal and tax disputes currently outstanding is provided below. Legal disputes were subdivided further between those that could give rise to a probable liability, for which it was possible to develop a reliable estimate of the underlying obligation and recognize a corresponding provision for risks in the balance sheet, and those that could give rise to a contingent liability, which is dependent on the occurrence of events that are possible, but not probable, or are probable but their impact cannot be quantified reliably. With regard to contingent liabilities, only a disclosure is provided in the notes to the financial statements.

Legal disputes that could give rise to a probable liability for which a provision for risks was recognized in the balance sheet are reviewed below.

Stava Dam Collapse

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

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

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

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

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

By a decision published on December 27, 2010, the Court of Venice decided the lawsuit filed by some of the parties who had joined the criminal proceedings for injuries caused by exposure to monovinyl chloride and for damages to the environment at the Porto Marghera petrochemical facility as plaintiffs seeking damages. These plaintiffs, who include the Municipality and Province of Venice, the Veneto Region and some associations, are seeking compensation for damages and the reimbursement of the legal costs incurred in connection with the abovementioned criminal proceedings. In its decision, the Court denied all of the claims put forth by the plaintiffs, ordering that they pay all court costs. The plaintiffs have filed an appeal. A similar lawsuit pending before the Venice Court of Appeals, in which the hearing for filing final motions has been held, continued without noteworthy developments.

Mantua Petrochemical Complex - Criminal Proceedings for Personal Injuries and Environmental Damages and New Administrative Proceedings

Insofar as the criminal proceedings are concerned, the oral argument phase started in the criminal proceedings pending before the Court of Mantua against certain former Directors and executives of Montedison Spa (now Edison) for the alleged harm caused to the health of plant workers (former Montedison employees), who were exposed to benzene and asbestos at the local petrochemical complex through 1989. At the latest hearing held on June 19, 2012, the Public Prosecutor introduced some new facts, never mentioned before, either in the preliminary hearing phase or during oral arguments, that have the potential of altering the charges against the defendants. In response to this development, the Company objected on the grounds that this request was inadmissible, arguing that the trial should continue based on the facts presented in the indictment. However, the Court, by an order dated January 22, 2013, denied the objection of the counsel for the defendants ordering a continuation of the proceedings.

As for the new administrative proceedings, on October 22, 2012, Edison was served with an order by the Provincial Administration of Mantua instructing it to submit a project for the specific purpose of reestablishing safe conditions at the site called "Versalis area, former chlorine sodium production facility." Late in December 2012, the Company challenged this order, filing a motion to stay its enforcement with the Regional Administrative Court of Lombardy, Brescia Section, and is waiting for the hearing for the discussion of the instance.

Crotone Factory - Criminal Proceedings for Personal Injuries Caused by Exposure to Asbestos

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

Crotone Factory - Criminal Proceedings for Environmental Damages

The Public Prosecutor of the Court of Crotone launched an investigation targeting 35 individuals, including five former Directors and managers of Montecatini and Montedison (now Edison), who are being charged with environmental crimes (unauthorized waste management, disaster and poisoning of the aquifer) for activities carried out from 1986 to 1990, while operating a local plant formerly owned by Montecatini. In connection with these proceedings, the Public Prosecutor filed a motion asking to be allowed to introduce evidence developed during the discovery phase. During the first hearing, which was held on May 3, 2012 before the Judge for Preliminary Investigations, expert appraiser were appointed, who are expected to file their expert opinion by October 2012.

Claims for Damages Caused by Exposure to Asbestos

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

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

In the lawsuit filed by UBS AG and the Joint Representative of the savings shareholders against Edison, Italenergia Spa and others challenging the merger of Edison and Italenergia Spa, in which the Court of Milan handed down a decision on July 16, 2008 that led to a settlement with UBS AG in June 2009, the settlement offer made by the Company to some savings shareholders who, even though they failed to take legal action or take any other action that may have legal consequences, are nevertheless claiming compensation was accepted by parties holding about 65% of the shares. However, other claimants filed a legal action with the Lower Court of Milan, which ruled upholding the plaintiffs' complaints. The Company is appealing this decision before the Milan Court of Appeals, and a hearing for closing arguments is scheduled for December 2, 2015.

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

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

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

Industrial Site in Bussi sul Tirino

Within the framework of the site remediation process that Ausimont Spa, a company sold in 2002 to Solvay Solexis Spa, a company of the Solvay Group, is implementing in accordance with Ministry Decree No. 471/1999 in connection with the contamination of the Bussi sul Tirino industrial property, Solvay Solexis and Solvay Chimica Bussi, the former in its capacity as the owner of the property, following Ausimont's merger by absorption, and the latter in its capacity as the current operator of the property, served notice on Edison that they filed a series of administrative complaints with the Regional Administrative Court of Latium – Rome seeking, among other remedies, a stay and the subsequent voiding of the administrative decisions pursuant to which they are responsible for implementing activities to ensure the safety and remediation of the abovementioned property, insofar as these decisions fail to list Edison as a liable (or jointly liable) party in the abovementioned proceedings. Edison filed defense briefs contesting in fact and law the complainant's conclusions. In March 2011, the Regional Administrative Court of Latium handed down a decision ruling that part of the complaints filed by Solvay Chimica Bussi and Solvay Solexis were inadmissible and dismissed other complaints. In June 2011, Solvay Chimica Bussi and Solvay Solexis appealed this decision to the Council of State and Edison joined these proceedings putting forth the objections it already raised before the lower court. In the meantime, in the criminal proceedings filed by the Public Prosecutor of the Court of Pescara in connection with the environmental conditions at the abovementioned industrial site and the consequences on the aquifer, which is also used as a supply of drinking water, the Preliminary Hearing Judge, by a decision dated May 10, 2011, revised some the charges against the defendants (specifically, stating that they should be charged with polluting the aquifer and not with poisoning it) and ordered that they stand for trial before the Court of Pescara (instead of the Court of Chieti).
The first hearing, during which preliminary motions were filed, was held on March 12, 2012. At that hearing, the Public Prosecutor, concurring with the motion filed by the defendants, argued that the Court lacked jurisdiction with regard to these specific proceedings, due to fact that in the decree authorizing the trial there appear to be a contradiction between the section describing the actions of the defendants, with seem to be consistent with the charge of poisoning the aquifer, and the dispositive section, in which the same actions were defined as consistent with the charge of polluting it.
The Court ruled affirmatively with regard to the merit of Public Prosecutor's motion and, in finding that there was a contradiction, recognized its lack of jurisdiction.
Consequently, the Court handed down a decision ordering that the records of the proceedings be provided to the Public Prosecutor, so that, in order to ensure that the right of the defendants to defend themselves is fully protected, he may reword the motion for indictment and a new preliminary hearing be held. This hearing got under way on October 4, 2012 and is still in progress.

Spinetta Marengo Industrial Site

Edison filed an application for voluntary remediation action, subsequently granted, in the environmental remediation proceedings that Ausimont Spa, a company sold in 2002 to Solvay Solexis Spa, a company of the Solvay Group, started pursuant to Ministry Decree No. 471/1999 in connection with the contaminated state of the Spinetta Marengo industrial site in order to better protect its rights. Edison's application was filed after Solvay Solexis (current operator of the facility after its merger by absorption with Ausimont) petitioned the Regional Administrative Court of Piedmont asking that the administrative decisions requiring it to ensure the safety and environmental remediation of the abovementioned site be held in abeyance and voided, insofar as they fail to identify Edison as a liable (or jointly liable) party in the abovementioned proceedings. Further to understandings reached earlier, Edison participates in the Service Conferences, as they are convened from time to time.
Also with regard to this industrial site, the local court's Public Prosecutor began an investigation targeting several individuals, including three former managers of Montedison (now Edison), alleging that they may have committed environmental crimes.

In these proceedings, the Preliminary Hearings Judge, by a decree dated January 16, 2012, indicted several individuals, including three former Montedison (now Edison) executives, for crimes against public safety and environmental crimes, ordering them to stand for trial before the Court of Alessandria.
The trial before the Court of Alessandria began on October 17, 2012 and the preliminary phase is currently in progress.

Solvay - Edison Arbitration

On May 7, 2012, Edison received a notice that Solvay Sa and Solvay Specialty Polymers Italy Spa filed for arbitration on May 4, 2012 due to alleged violations of certain representations and environmental warrantees provided in a contract signed on December 21, 2001 by which Ausimont Spa was sold by Montedison Spa and Longside International Sa to Solvay Solexis Sa (now Solvay Specialty Polymers) and regarding the industrial sites of Bussi sul Tirino and Spinetta Marengo.
Edison Spa joined the arbitration proceeding on July 6, 2012, contesting the claims put forth by Solvay Sa and Solvay Specialty Polymers Italy Spa and filing a counterclaim.
The arbitration proceedings are governed by the Arbitration Rules of the International Chamber of Commerce, located in Geneva, and will be decided in accordance with substantive Italian law.
On October 9, 2012, the Board of Arbitrators published the procedural calendar, in accordance to which the Board of Arbitrators will review more in detail the claims and exceptions submitted by the parties starting in the second half of 2013..

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

Within the framework of the administrative proceedings launched with regard to the state of contamination of an industrial property owned by Edison Spa (formerly by Montedison Srl, a company merged into Edison effective as of July 1, 2012) adjacent to the industrial site in Bussi sul Tirino operated by Ausimont Spa, which was sold to Solvay Solexis Spa (a subsidiary of Solvay Sa) in 2002, negotiations with the Delegated Commissioner appointed by the Council of Ministers, without Montedison Srl (now Edison Spa) altering its claim to the status of guiltless owner, resulted in an agreement regarding the financial contribution provided for the emergency projects required to ensure the safety of the property.
On November 22, 2012, further to a request by the Delegated Commissioner for additional work at the site where the abovementioned safety project had been completed, Edison challenged the Commissioner's order before the Regional Administrative Court of Pescara, contesting its lawfulness in fact and in law.
There were no noteworthy developments concerning the two separate appeals that Montedison Srl (now Edison Spa), a company that never operated any activity at the property in question, filed with the Regional Administrative Court against the actions taken by the Delegated Commissioner.

European Commission - Antitrust Proceedings Against Ausimont

By a motion filed on September 1, 2011 and received by the Company on September 8, the European Commission appealed before the Court of Justice of the European Union a decision published on June 16, 2011, by which the European Union Court upheld the challenge filed by Edison and, consequently, set aside the decision by which the European Commission, alleging violations of Article 81 of the EC Treaty and Article 53 of the SEE Agreement concerning a cartel in the market for hydrogen peroxide and its derivatives, sodium perborate and sodium percarbonate, ordered Edison to pay a fine of 58.1 million euros, including 25.6 million euros payable jointly with Solvay Solexis. In the interim, Edison having paid on a provisional basis in 2006 the amount of 45.4 million euros, which is equal to the sum of the entire fine levied on it and one-half of the fine levied jointly on Edison and Solvay Solexis, obtained from the Commission, by virtue of the abovementioned Court decision, the repayment of 32.5 million euros, which is the portion of the fine attributable to Edison exclusively.
The appellate proceedings are still pending before the Court of Justice of the European Union and the Company expects a final decision to be handed down in 2013.
The status of these proceedings confirms that, due to the effects of the abovementioned Court decision, they qualify as a contingent asset pursuant to IAS 37.

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

Environmental Legislation

In addition to probable liabilities for environmental risks described above, and for which provisions for risks have already been provided, in recent years, we have witnessed an expansion and evolution of environmental laws (most recently with Legislative Decree No. 152 of April 3, 2006 "Environmental Regulations", as amended), specifically with regard to liability for environmental damages, which is especially relevant to the purposes of this Report. In particular, the discussion and adoption in several legal systems of the principle of "internalization" of environmental costs (summarized in the expression "those who pollute must pay") have resulted in the development of two new types of liabilities for the act of polluting: objective liability (which does not require the subjective element of guilt) and indirect liability (which stems from the actions of others), which can arise as a result of an earlier act that constitutes a violation of acceptable contamination levels under current laws.

In Italy, this approach is becoming established practice at both the administrative level (the relevant provisions are being enforced very aggressively) and the judicial level (criminal laws and civil liability provisions concerning instances of environmental damage are being interpreted very restrictively).

In this area, several proceedings are pending before administrative judges, at different stages of development and judicial levels, against decisions issued by national and local governments ordering the Company to carry out environmental remediation projects both at facilities that the Company no longer owns and at industrial properties that it still owns (mainly thermoelectric power plants) that were contaminated by activities pursued in past years. More in general, without questioning the validity of these new legislative assumptions and the procedural accuracy of their implementation and interpretation, and taking into account the current and past scope of the Company, particularly in the chemical industry, their wide geographical distribution and their environmental impact based on the time when they were being carried out and the technology existing at the time, which was in compliance with the statutes then in force, it cannot be excluded that in light of current legislation, new charges may be levied against the Company in addition to those issued in the existing administrative and civil proceedings. It is also probable that current legislation will be applied with the strictness and severity mentioned above to all contamination events that occurred in the past.

At this point, based on the available information and the documents filed in the proceedings reviewed above, it is impossible to determine whether damages will in fact be assessed nor the amount of those damages.

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

Following a ruling by which the Court of Cassation set aside a decision by the Court of Appeals of Turin in the trial for injuries caused by exposure to asbestos dust at a Verbania plant formerly owned by Montefibre Spa, the new trial pending before the Turin Court of Appeals ended in December 2011 with a full acquittal of the defendants. The Public Prosecutor appealed this decision to the Court of Cassation, which scheduled a hearing for March 2013..

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

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

ACEA Unfair Competition

There were no significant developments requiring disclosure in the lawsuit filed by ACEA Spa and pending before the Court of Rome against several parties, including AEM Spa (now A2A Spa), EdF Sa, Edipower Spa and Edison Spa, which is still in the discovery phase. ACEA alleges that the acquisition of joint control of Edison by EdF and AEM constitutes a violation of the 30% ceiling in the ownership of Edipower by a government-owned company, as set forth in the Prime Minister Decree dated November 8, 2000. Such ownership would constitute an instance of unfair competition, pursuant to Article 2598, Section 3, of the Italian Civil Code, and is injurious to ACEA, which is asking that AEM and EdF be ordered to pay damages and take the actions necessary to void the consequences of their actions (such as the proportional divestment of equity interests held in excess of the abovementioned ceiling and the prohibition to receive energy produced by Edipower in excess of the corresponding allowable quantity). The Court scheduled for March 31, 2013 the hearing for filing final motions.

Pagnan vs Edison

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

Vega Offshore Hydrocarbon Field - Vega Oil Vessel

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

Meraklon/Edison - Edison Energia Spa Dispute

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

Angelo Rizzoli/Edison et al.

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

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

each of the defendants, including Edison, the sum of 1.3 million euros.
The losing party is challenging this decision before the Milan Court of Appeals and both parties are now waiting for a hearing to be scheduled.

Torviscosa Power Plant - Cooperativa Fabbri Meccanici a r.l vs Edison
The arbitration proceedings activated by Cooperativa Fabbri Meccanici a r.l., in composition with creditors proceedings, against Edison are continuing. The complainant is asking that Edison be ordered to pay about 950,000 euros for alleged receivables arising from the performance of a contract for the construction of a building at the Torviscosa power plant. Edison countersued asking that the cooperative be ordered to pay it about 560,000 euros.
The discovery phase of the arbitration proceedings ended and the parties presented their closing arguments in January 2013. The Company expects the arbitration award to be handed down in 2013.

Cartel Damage Claims - Ausimont: Claim for Damages
In April 2010, Edison was served with notices setting forth four amended briefs filed by Akzo Nobel Nv, Kemira Oyi, Arkema Sa and FMC Foret Sa in proceedings before the Court of Dusseldorf 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 is currently reviewing new issues of admissibility of the plaintiff's claims and jurisdiction raised by all respondents and assessing the option of forwarding the record of the proceedings to the European Court of Justice.

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The developments that affected the status of the main tax disputes in 2012 are reviewed below.
The following are the main disputes that may give rise to probable liabilities for which provisions for risks were recognized.

Old Edison Spa - Income Tax Assessments for 1995, 1966 and 1997
In 2012, there was no significant change in the status of the disputes concerning the corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1995, 1996 and 1997 tax years of the old Edison Spa, absorbed by the current Edison Spa, as they are still pending before the Court of Cassation following appeals filed by the Revenue Administration.
The special provision established to cover the estimated probable risks associated with these disputes was adjusted in 2012 to reflect the respective accrued interest.

Old Calcestruzzi Spa - Income Tax Assessments for 1991 and 1992
In July 2012, the Regional Tax Commission of Emilia Romagna, before which the proceedings concerning the corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1991 and 1992 tax years were reinstated following a ruling handed down by the Court of Cassation in 2008, filed decisions that were substantially unfavorable to the Company. Specifically, the Regional Commission found that the transaction involving the beneficial ownership of shares executed at the intercompany level could not be used a shield against the Revenue Administration and upheld in full the penalties, diverging from recent rulings by the Supreme Court of Cassation, which acknowledged that administrative penalties are not applicable to "abuse of law" situations, when objections to such situations are raised in the course of judicial proceedings. On the other hand, the Commission upheld the annulment of other revenue recoveries for items that were allegedly accounted for incorrectly.
At the end of November, the Company filed a new challenge with the Court of Cassation, asking it to review the decision of the Regional Commission, specifically with regard to the penalties and the computation of the taxes resulting from the disallowance of the beneficial ownership transaction for tax purposes. The Office of the Solicitor General, as representative of the Revenue Agency, joined the

proceedings without filing an incidental appeal for one of the two years. Consequently, a determination will have to be made of the value of the external award for the other year, taking into account the identity of the annulled recoveries.
On October 12, 2012, the Company was served with a payment notice requesting settlement of the tax liability resulting from the decisions handed down by the Regional Commission and the amount officially owed was paid in the first half of December 2012, within the 60-day deadline.
However, the payment of taxes and penalties should be considered as having been made provisionally, while the proceedings are in progress, and not on a final basis due to the challenges pending before the Supreme Court of Cassation. In any event, the entire amount paid was covered with a provision for risks recognized and increased during the year.
The unused surplus in this provision refers to the other recoveries that were annulled by the Commission and partly to an incidental appeal by the Revenue Administration.

Edison Spa - IRES and IRAP Assessments
The general audit of Edison Spa concerning income taxes, regional taxes (IRAP) and VAT for the tax years from 2005 to 2010 (up to the starting date of the audit) launched in September 2010 by the Milan Tax Police Unit was completed at the end of May 2011.
In December 2011, based on the issues raised in an excerpted tax audit report for 2005, completed in September 2010, and in the final tax audit report for the 2006-2009 period, issued in May 2011, the Revenue Agency - Regional Lombardy Division - Office of Major Taxpayers served Edison Spa with corporate income tax (IRES) and IRAP notices of assessment for 2005 contesting the deductibility of costs incurred with black-listed suppliers (mainly Swiss), thereby dissenting in part with the conclusions reached by the Revenue Police.
Edison Spa was served with an IRES notice of assessment both directly and as the IRES consolidating company in 2005. The assessment did not produce any additional tax liability because the additional taxable income was fully offset by the tax loss carryforward.
In December 2011, Edison Spa was served with IRES and IRAP notices of assessment for 2006, which disallowed expenses found to be “not attributable” to the year in which they were deducted, but nevertheless deductible in another tax period, and costs that were not deductible because they were incurred with black-listed suppliers.
A similar IRES notice of assessment was served on Transalpina di Energia Srl in its capacity as the lead company for the 2006 IRES consolidated return in which Edison Spa was included.
The Company challenged the notices of assessment and, in December 2012, was granted a stay of the tax collection process. The merit hearing for the challenges to the assessments for 2005 and 2006 has been scheduled for March 2013.
In December 2012, Edison was served with IRES and IRAP notices of assessment for 2007 (Transalpina di Energia Srl, Edison’s controlling company, was also served with an IRES notice of assessment), which, based on the issues raised in the tax audit report, disallowed costs incurred with black-listed suppliers, costs deemed improperly allocated and other costs, of a lesser amount, that were not deemed to be directly attributable. In this case as well, the Company intends to pursue all available actions to defend its position.
For all tax years, virtually all ascertained or otherwise contested costs were found to be both actually incurred and attributable both by the Revenue Police and the Revenue Agency. The Company has already produced exhaustive documentation and provided extensive clarifications in support and justification of the economic logic of the transactions it executed and is confident that a better and more careful review of the documents and arguments it put forth, both before the Commissions and by the Revenue Agency, will result in the cancellation of the pursued revenue recoveries.
A special provision for risks was recognized to cover any charges resulting from the notice of assessment.

* * * * *

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

On the occasion of the bicentennial of Verdi and Wagner, Edison welcome music into its building.

Edison Spa - Tax Assessments for 2002

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

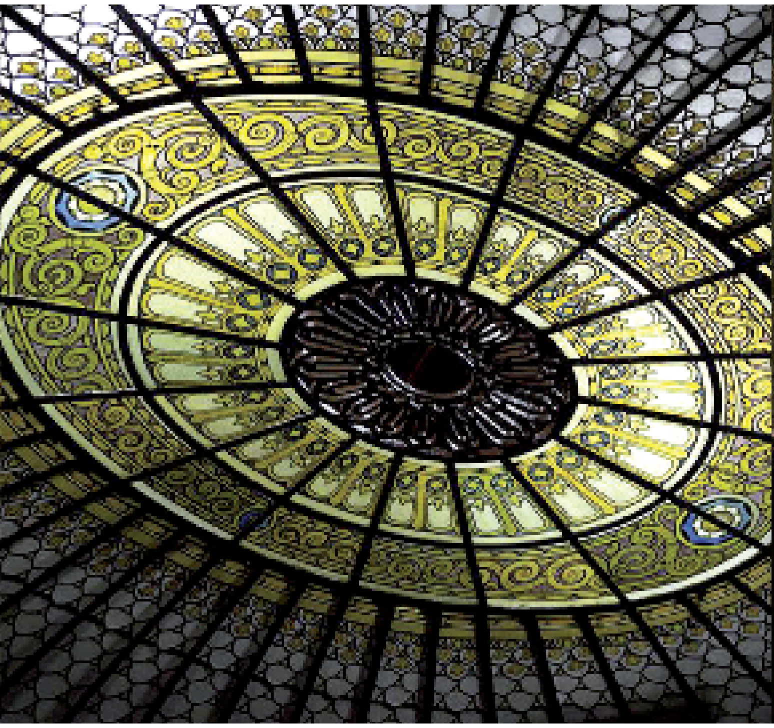
Edison Spa - Disputes for Registration Fees on Transactions Requalified as Disposal of Business Operations

In July 2012, Edison Spa was served with a payment notice for additional registration, mortgage and cadastral fees, totaling about 11 million euros, levied by the Rho Revenue Agency in connection with a transaction involving the conveyance of business operations (consisting of five CIP 6/92 power plants and an equity interest) executed in the first half of 2008. This conveyance was followed by the sale of the corresponding equity investment to Cofatech Spa. The higher taxes were levied on the assumption that the transactions constituted in fact the sale of a business, with the Agency invoking the requalification for tax purposes of the instruments executed by the Company.

In June 2011, the Milan Provincial Tax Commission upheld in its entirety the appeal filed by the Company challenging the payment notice. In its decision, the Commission agreed that the payment notice was improper and, on the merit, that the Company's choices regarding the structure of the transactions it executed were correct and not pursued solely for tax avoidance purposes.

The Revenue Agency challenged this decision in January 2012 and, on December 21, 2012, the Regional Tax Commission upheld the Agency's challenge and confirmed the payment notice issued by the Agency. The Company intends to challenge this decision before the Court of Cassation asking it to find that its actions were both valid and proper.

In addition, on November 9, 2012, Edison Spa was served with another payment notice for registration, mortgage and cadastral fees, totaling about 17 million euros, levied by the Rho Revenue Agency based on the presumed requalification of a transaction involving the conveyance of business operations (in this case consisting of the assets and liabilities attributable to the CET2 and CET3 thermoelectric power plants in



Taranto) to Taranto Energia Srl and the subsequent sale of the equity interest in this company to ILVA Spa. In this case as well, the Company believes that its actions were proper, fully in compliance with the law, justified by legal and economic reasons and not pursued solely for tax avoidance purposes. The Company has already challenged this decision, asking for a stay of the collection process. On February 4, 2013, the Milan Provincial Tax Commission issued an order staying the collection enforcement process and schedule for April 29, 2013 a merit hearing in connection with this dispute.

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

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

Up to 2011, all decisions were in the Company's favor. In 2012, the Campobasso Regional Tax Commission, ruling on the notice of assessments for the tax years from 1999 to 2004, partially upheld the challenge filed by the Termoli municipal administration, finding that the tax was owed but disallowing in full the penalties. The Company plans to challenge this decision before the Supreme Court of Cassation, asking the Court to confirm that property taxes cannot be levied on offshore hydrocarbon platforms, as already recognized by the Territorial Agency.

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

In 2012, new notices of assessment for municipal property taxes were notified by the municipalities of Termoli (for the 2011 tax year) and Porto Sant'Elpidio (2007-2011 tax years). Appeals contesting these assessments were filed within the required deadline and an additional appeal will be filed challenging a notice of assessment notified early in January 2013 by the municipal administration of Torino di Sangro for municipal property taxes for the 2006-2011 tax years.

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

TAX STATUS OF SHARE CAPITAL AND RESERVES IN THE EVENT OF REPAYMENT OR DISTRIBUTION

The types of tax status and utilization options of the different items that constitute the Company's shareholders' equity are reviewed below:

(in thousands of euros)	Balance sheet amount	Tax status		Utilization options	Distributable portion
		Type	Amount		
Share capital	**5,291,701**				
	breakdown	C	192,082	-	-
		D	588,628	-	-
Share capital reserves					
Additional paid-in capital	**0**	E	-	1, 2, 3	-
Earnings reserves					
Statutory reserve	**125,291**				
	breakdown	A	107,738	2	13,814
		D	17,553	2	-
Other reserves	**472,680**				
	breakdown	A	382,362	1, 2	-
		A	90,318	-	-
Reserve for grants	-	B	-	-	-
Retained earnings	**-**		**-**	**-**	**-**

Tax Status

A: Reserves that, if distributed, would be included in the taxable income of the shareholders.

B: Reserves the taxation of which has been suspended and which, if utilized, would be included in the Company's taxable income.

C: Reserves the taxation of which has been suspended that are part of share capital. If the share capital is reduced upon a shareholder distribution, these reserves would become taxable.

D: Portion of shareholders' equity restricted pursuant to Section 469 of Law No. 266/2005 (so-called realignment), which, if utilized, would be included in the Company's taxable income, increased by a 12% substitute tax, with the concurrent earning of a 12% tax credit (equal to the substitute tax paid).

A: Reserves that, if distributed, would not be included in the taxable income of the shareholders.

Utilization Options

1: Capital increase.

2: Replenishment of losses.

3: Distribution to shareholders.

A breakdown according to tax status is provided below:

- The reserves the taxation of which has been suspended that are part of share capital, with **C** status, include the following

- No. 576 of 12/1/75 (old Edison form. Montedison)	31,064
- No. 72 of 3/19/83 (old Edison form. Montedison)	15,283
- No. 576 of 12/1/75 (former Finagro)	1,331
- No. 72 of 3/19/83 (former Finagro)	3,310
- No. 72 of 3/19/83 (former Montedison)	8,561
- No. 72 of 3/19/83 (former Silos di Genova Spa)	186
- No. 413 of 12/30/91 (former Finagro)	4,762
- No. 576 of 12/1/75 (former Calcemento)	976
- No. 72 of 3/19/83 (former Calcemento)	4,722
- No. 413 of 12/30/91 (former Sondel)	2,976
- No. 413 of 12/30/91 (old Edison)	118,911

Any taxes that may be due (counting also the 10.5% corporate income tax surcharge) on the reserves listed above would amount to 73 million euros for those of Item C and 177 million euros (net of tax credit) for those of Item D. It should be noted with reference item D, that on April 24, 2012, the Edison's Shareholders general meeting approved the use of the retained earnings reserve to cover losses. Portion of retained earnings reserve, for an amount of 72,945,385.19 euros, is restricted pursuant to Section 469 of Law No. 266/2005 (so-called realignment). Distribution of profits can not be distribuited until this reserve is not restored or reduced in accordance with a resolution of the Shareholders' extraordinary meeting.

As for the negative income components that are not reflected in the income statement, which until 2008 could be deducted by listing them on a separate schedule annexed to the income tax return, the provision of the tax code require that a corresponding amount of the unrestricted reserves and retained earnings should be maintained on the Company's financial statements and, if the abovementioned amount is distributed, it would be included in the Company's taxable income.

As a result of non-accounting depreciation and amortization taken in 2006 and 2007 and the derecognition in 2004 of entries booked for tax purposes but which had no relevance for statutory reporting purposes, non-accounting deductions still available totaled about 166 million euros. Deferred taxes totaling about 56 million euros were recognized in connection with these entries.

Therefore, should the Company choose to distribute earnings or reserves, it must have residual qualified reserves, as defined in Article 109 of the Uniform Tax Code, totaling 110 million euros. If the Company lacks or has insufficient qualified reserves, any uncovered portion of the distribution, increased by the applicable deferred taxes, would become part of the Company's taxable income.

Lastly, the reform of the corporate income tax system, which went into effect on January 1, 2004, introduced the overriding presumption that the profit for the year and the portion of reserves other than share capital reserves that has not been set aside in a suspended taxation status will be distributed, irrespective of the motions approved by the Shareholder's Meeting (Article 47 of the Uniform Tax Code).

FINANCIAL RISK MANAGEMENT

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

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 December 31, 2012 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 December 31, 2012, is 126.2 million euros (85.6 million euros at December 31, 2011), as shown in the table below:

Profit at Risk (PaR)	**December 31, 2012**		December 31, 2011	
(in milioni di euro)	Level of probability	Expected negative variance in fair value	Level of probability	Expected negative variance in fair value
Edison Spa	**97.5%**	**126.2**	**97.5%**	**85.6**

In other words, compared with the fair value determined for the contracts outstanding at December 31, 2012, the probability of a negative variance greater than 126.2 million euros (85.6 million euros in 2011) by the end of 2013 is limited to 2.5% of the scenarios.

The higher amount, compared with the level measured at December 31, 2011, is mainly the result of a greater net volume of financial contracts executed to hedge forward sales for 2013 and 2014.

The hedging strategy deployed in 2011 enabled Edison to comply with Group risk management objectives, lowering the Industrial Portfolio's commodity price risk profile within the approved Economic Capital limit. Without hedging derivatives, the average amount of Economic Capital absorbed in 2012 by the Industrial Portfolio would have been equal to 66% of the approved limit (108% in 2011), with a peak of 132% in November 2012 (with the limit exceeded by 28% on average in 2011). With hedging, the average amount of Economic Capital absorbed in 2011 by the Industrial Portfolio was 42% (37% in 2011), with a peak of 74% in January 2012.

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.

Approved activities that are part of the core businesses of Edison Spa include physical and financial commodity trading (natural gas), which must be carried out in accordance with special procedures and segregated at inception in special Trading Portfolios, separated from the Industrial Portfolio. Trading Portfolio are monitored based on strict risk ceilings, based on the allocation of an Economic Capital limit, measured in terms of Value at Risk (VaR, or Value at Risk, is a statistical measurement of the maximum potential negative variance in the portfolio's fair value in response to unfavorable market moves, within a given time horizon and confidence interval), and a stop loss limit. More specifically, the daily Value-at-Risk limit with a 95% probability on the Trading Portfolios on the balance sheet date is 0.9 million euros. This limit was used by up to 65% at December 31, 2012 (56% in 2011). The Economic Capital of the Trading Portfolios represents the total risk capital available to support the market risks entailed by trading activities and takes into account both the risk capital associated with the VaR and the risk capital estimated by means of stress tests for possible illiquid positions. The Economic Capital limit for the Trading Portfolios of Edison Spa is 14.5 million euros (13.8 million euros in 2011). This limit was used by up to 70% at December 31, 2012 (66% in 2011).

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 (Fair Value Hedges), while others qualify as Economic Hedges. The Euribor is the interest rate to which the Group has the largest exposure.

Gross Financial Debt	12.31.2012			12.31.2011		
Mix fixed and variable rate: (in millions of euros)	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion (including structure with CAP)	1,823	1,223	31%	1,826	1,226	25%
- variable portion	2,103	2,703	69%	3,095	3,695	75%
Total gross financial debt (*)	**3,926**	**3,926**	**100%**	**4,921**	**4,921**	**100%**

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

Considering that, at December 31, 2012, the Edison Spa held 633 million euros (198 million euros in 2011) in liquid assets earning interest at market rates, when the abovementioned percentages are computed based on net financial debt, including outstanding derivative transactions, they become about 37% (fixed rate) and about 63% (variable rate), respectively.

The interest risk exposure analyzed in the preceding table is in line with the policy pursued by the Group to manage its financial structure and corresponding costs as it relates to the trend in market interest rates. The Group's strategy was to combine fixed-rate bond issues, which are the most stable source for the procurement of financial resources, a brief description of which is provided later in these Notes in the table included in the paragraph "Default Risk and Debt Covenants", with interest rate swaps, negotiated with a six-month Euribor benchmark and classified as Fair Value Hedges. In addition, in order to have a source of funds protected from a rise in interest rates without giving up the benefits provided by short-term rates, the Group negotiated structured derivative that currently enable it to stay floating within a contractually established cap and floor.
This strategy made it possible to benefit from lower borrowing costs, as the variable short-term rate was lower than the fixed coupon rate of the outstanding bond issues.

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 2012 and provides a comparison with the same period in 2011.

Sensitivity analysis	2012			31.12.2012		
(in millions of euros)	Impact on financial expense (P&L)			Impact on the cash flow hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Spa	**99**	**86**	**70**	**-**	**-**	**-**

Sensitivity analysis	2011			12.31.2011		
(in millions of euros)	Impact on financial expense (P&L)			Impact on the cash flow hedge reserve (S.E.)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Spa	107	96	84	-	-	-

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 2012, Edison executed transactions of this type for a total of 2,148 million euros (2,110 million euros in 2011). At December 31, 2012, the assigned receivables that were still exposed to the risk of recourse represented a negligible amount.

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 December 31, 2012, 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)	12.31.2012	12.31.2011
Gross trade receivables	1,316	1,556
Allowance for doubtful accounts (-)	(26)	(29)
Trade receivables	**1,290**	**1,527**
Guarantees held (*)	293	409
Receivables 6 to 12 months in arrears	5	2
Receivables more than 12 months in arrears	32	32

(*) Including guarantees covering receivables outstanding at December 31, 2012 totaling 57 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 future cash flows required for financial and trade liabilities. In addition to principal and accrued interest, they include all future interest payments estimated for the entire length of the underlying debt obligation, and taking into account the effect of interest rate derivatives. The result is a disclosure of an aggregate liability larger than the gross financial debt amount. In addition, assets (cash and cash equivalents, trade receivables, etc.) are not taken into account and financing facilities are treated as if repayable on demand, in the case of revocable lines of credit, or on the first due date when repayment can be demanded, in other cases.

Worst case scenario	12.31.2012			12.31.2011		
(in millions of euros)	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	16	53	1,955	16	53	2,025
Financial debt and other financial liabilities	4	1,152	82	17	806	1,191
Trade payables	1,088	22	-	938	36	-
Totale	**1,108**	**1,227**	**2,037**	**971**	**895**	**3,216**
Guarantees provided to third parties (*)	**438**	**939**	**482**	**806**	**235**	**375**

(*) 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 and Contingent Risks" section of this Report.

Financial debt due within one year, which amounted to 1,225 million euros, includes mainly a syndicated standby credit line with a face amount of 1,500 million euros provided to Edison Spa that matures in April 2013 which at December 31, 2012 is drawn for 1,150 million euros.
Financial debt due after one year totaled 2,037 million euros, including mainly 1,955 million euros for bond issues (with a face amount of 1,800 million euros).

At December 31, 2012, Edison held liquid assets totaling 633 million euros (198 million euros at December 31, 2011) and had access to unused committed credit lines amounting to 350 million euros (450 million euros in 2011), provided s part of a syndicated standby facility expiring in April 2013.

Edison is preparing a medium/long-term refinancing plan that will not only ensure the repayment of maturing credit lines, but, more generally, will provide coverage for all the financial needs contemplated in the expenditure plan. Because this is a broad-based project, within the framework of the changed control structure and considering the fact that for the full length of the first quarter of 2013 Edison's liquidity position is considered appropriate, this refinancing plan is under finalization. In this regard, please note that a significant portion of the financing facilities should be provided through EDF Group companies, with which Edison has already had positive contacts, on market terms and taking into account Edison's improved credit rating. The refinancing plan will be activated starting in the second quarter of 2013, based on market conditions and the Company's cash profile.

In this context, it is worth mentioning that in September 2012 EDF Sa and Edison Spa executed a framework agreement for centralized cash management services that, in addition to providing Edison Spa with flexibility for its own short-term cash needs and those of its subsidiaries, will optimize the management of daily cash surpluses and needs. To that effect, Edison Spa has established an intercompany current account with EDF that, inter alia, provides it with a credit line for up to 199 million euros to deal with temporary cash requirements related to day-to-day activities, against which a total of about 0.7 million euros had been drawn at December 31, 2012.

The table that follows provides a breakdown by maturity of the Group's gross financial debt at December 31, 2012. However, the amounts shown are not accurately indicative of the exposure to the liquidity risk because they do not reflect expected nominal cash flows, using instead amortized cost or fair value valuations.

(in thousands of euros)	12.31.2013	12.31.2014	12.31.2015	12.31.2016	12.31.2017	After 5 years	Total
Bonds	103,726	697,967	499,102	(729)	599,295	-	1,899,361
Financial debt and other financial liabilities due to outsiders	1,240,139	64,249	4,578	6,342	6,507	37,557	1,359,372
Gross financial liabilities due to outsiders	**1,343,865**	**762,216**	**503,680**	**5,613**	**605,802**	**37,557**	**3,258,733**
Gross intercompany financial debt	681,927	-	-	-	-	-	681,927
Gross financial debt due to EDF, the parent company	710	-	-	-	-	-	710
Total gross financial debt	**2,026,502**	**762,216**	**503,680**	**5,613**	**605,802**	**37,557**	**3,941,370**

6. Default Risk and Debt Covenants

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

The following three bond issues floated by Edison Spa (Euro Medium Term Notes) with a total face value of 1,800 million euros were outstanding at December 31, 2012:

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

Outstanding debt obligations of Edison Spa include non-syndicated facilities with a total face value of 113 million euros and syndicated loan agreements amounting to 1,500 million euros in face value, the unused portion of which was 350 million euros at December 31, 2012.

Consistent with international practice for similar transactions, both the bank loan agreements and the Euro Medium Term Note Program provide the lender bank or the bondholder with the right to demand the payment of the loaned amount and terminate ahead of schedule their relationship with the borrower whenever the borrower is declared insolvent and/or is a party to bankruptcy proceedings (such as receivership or composition with creditors) or is undergoing liquidation or other proceedings with a similar effect.

Specifically, the bond indentures, consistent with market practices, include a series of standard clauses that, in the event of non-performance, require that the issuer immediately redeem the bonds. The main clauses of this type are: (i) negative pledge clauses, by virtue of which the borrower undertakes to refrain to provide Edison Group assets as collateral beyond a specific amount; (ii) cross default/cross acceleration clauses, which establish an obligation to immediately repay the bonds in the event of material failures to perform obligations that arise from or are generated by other loan agreements that affect a significant portion of the indebtedness owed by the Edison Group; and (iii) clauses that establish an obligation of immediate repayment even if just some Edison Group companies were to be declared insolvent.

As for credit line agreements and bilateral or syndicated loan agreements to which Edison is a party, it is important to note that the agreement for a syndicated credit line of 1,500 million euros provided to Edison Spa sets forth, among other clauses, Edison's obligation to comply with certain commitments, which include making sure that the lender banks are being afforded a treatment equal to the one offered under other unsecured creditors (*pari passu* clause), as well as restrictions on Edison's Spa ability to provide collateral to new lenders (negative pledge clause).

Neither the loan agreements governing the bank facilities provided to Edison Spa nor the bond indentures contain clauses allowing early termination of the loan if the credit rating assigned to Edison Spa by the rating agencies is downgraded or cancelled. Moreover, Edison Spa is not required, under the terms of any of its credit lines, to comply with specific financial statement ratios that limit the level of debt based on economic performance (financial covenants).

Lastly, please note that a total of 37 million euros was drawn during the 2012 against a direct medium/long-term credit line of 250 million euros provided by the European Investment Bank (EIB) to finance natural gas storage projects. The loan agreement includes conditions similar to those of Edison's bank credit lines and other clauses that are customary for direct, long-term facilities provided by this supranational bank to industrial companies.

At present, the Company is not aware of the existence of any default situation.

Analysis of Forward Transactions and Derivatives

Forward Transactions and Derivatives

Edison engages in proprietary trading 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 Company views this activity as part of its regular operations and the results derived from it are recognized in the income statement as part of EBIT. Whenever possible, Edison 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 Hedge - 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 7

IFRS 7 requires that the classification of financial instruments in accordance with their fair value be based on the reliability of inputs used to measure fair value.

The IFRS 7 ranking 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;
- **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). One type of instruments is classified in this category, unchanged compared with December 30, 2011.

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 December 31, 2012

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 thousands of euros)	Fair Value Hierarchy (****)	Notional amount (*)			Carrying amount (**)	Cumulative impact on the income statement at 12.31.12 (***)
		due within 1 year	due between 2 and 5 years	due after 5 years		
Interest rate risk management:						
- Cash Flow Hedges in accordance with IAS 39	-	-	-	-	-	-
- Fair Value Hedges in accordance with IAS 39	2	-	1,325,000	-	86,096	86,096
- non definibili di copertura ai sensi dello IAS 39	2	-	741,816	-	(22,667)	(22,667)
Total interest rate derivatives		**-**	**2,066,816**	**-**	**63,429**	**63,429**

		due within 1 year		due between 2 and 5 years		due after 5 years		
		receivable	payable	receivable	payable	receivable		
Foreign exchange rate risk management:								
- contracts that qualify as hedges in accordance with IAS 39:								
- on commercial transactions	2	1,859,949	(543,494)	134,404	-	-	(76,373)	132
- on financial transactions	-	-	-	-	-	-	-	-
- contracts that do not qualify as hedges in accordance with IAS 39:								
- on commercial transactions	2	661,406	(26,786)	392,710	-	-	(29,789)	(29,789)
- on financial transactions	2	515,999	-	-	-	-	(4,230)	(4,230)
Total foreign exchange rate derivatives		**3,037,354**	**(570,280)**	**527,114**	**-**	**-**	**(110,392)**	**(33,887)**

(*) 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 definitions see the previous paragraph "Fair Value hierarchy according to IFRS 7."

B) Commodity Risk Management

	Fair Value Hierarchy (****)	Notional amount (*)				Carrying amount (**) (in thousands of euros)	Cumulative impact on the income statement at 12.31.12 (***) (in thousands of euros)
		Unit of measure	Due within one year	Due within two years	Due after two years		
Price risk management for energy products							
A. Cash Flow Hedges pursuant to IAS 39						**68,436**	**220**
- Natural gas	2	Million term	(319.50)	(34.00)	-	794	-
- LNG, crude oil	2	Barrels	12,133,790	1,718,475	-	67,642	220
B. Fair Value Hedges pursuant to IAS 39						**-**	**-**
C. Contracts that do not qualify as margin hedges pursuant to IAS 39:						**53,721**	**53,721**
- Natural gas	2	Million term	(9.00)		-	(300)	(300)
- LNG, crude oil	2	Barrels	5,542,480	4,848,250	-	14,686	14,686
- Electric power	2	TWh	(21.00)	(9.00)	-	39,335	39,335
TOTAL						**122,157**	**53,941**

(*) + 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 definitions see the previous paragraph "Fair Value hierarchy according to IFRS 7."

C) Trading Portfolio

	Fair Value Hierarchy (****)	Notional amount (*)				Carrying amount (**) (in thousands of euros)	Cumulative impact on the income statement at 12.31.12 (***) (in thousands of euros)
		Unit of measure	Due within one year	Due within two years	Due after two years		
Trading portfolio							
Physical contracts						**(2,708)**	**(2,708)**
- Natural gas	2/3	Million term	8.00	-	-	(1,162)	(1,162)
- Capacity	2	Million term	93.00	-	-	(1,546)	(1,546)
Financial contracts						**3,213**	**3,213**
- Natural gas	2/3	Million term	71.80	(2.20)	-	3,213	3,213
TOTAL						**505**	**505**

(*) + 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 definitions see the previous paragraph "Fair Value hierarchy according to IFRS 7."

Effects of Derivative and Trading Transactions on the Income Statement and Balance Sheet in 2012

The disclosure provided below shows an analysis of the financial results generated by derivative and trading transactions in 2012, including the effects of physical energy commodity contracts.

(in thousands of euros)	Realized during the period (A)	Fair value recognized for contracts outstanding at 12.31.11 (B)	Portion of (B) contracts realized in 2010 (B1)	Fair value recognized for contracts outstanding at 12.31.12 (C)	Change in fair value in 2012 (D=C-B)	**Amounts recognized in earnings (A+D)**
Sales revenues and Other revenues and income and net change in the fair value of derivatives (commodities and foreign exchange) (see Notes 1, 2 and 6 to the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH) (**)	86,233	1,265	1,265	344	(921)	85,312
- not definable as hedges pursuant to IAS 39	23,662	20,855	20,855	72,246	51,391	75,053
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH) (**)	-	-	-	701	701	701
- not definable as hedges pursuant to IAS 39	3,519	732	732	2,026	1,294	4,813
Margin on physical trading activities						
- Revenues from physical contracts included in the trading portfolios (***)	993,177	38,424	35,391	21,636	(16,788)	976,389
- Raw materials and services used from derivatives included in the trading portfolios (***)	(975,764)	(30,024)	(26,170)	(24,344)	5,680	(970,084)
Total margin on trading activities	*17,413*	*8,400*	*9,221*	*(2,708)*	*(11,108)*	*6,305*
Margin on financial trading activities						
- Other revenues from derivatives included in trading portfolios (****)	2,801	3,785	3,785	4,862	1,077	3,878
- Raw materials and services from derivatives included in trading portfolios (****)	(5,957)	(8,069)	(8,069)	(1,648)	6,421	464
Total margin on trading activities	*(3,156)*	*(4,284)*	*(4,284)*	*3,214*	*7,498*	*4,342*
Total (A)	**127,671**	**26,968**	**27,789**	**75,823**	**48,855**	**176,526**
Raw materials and services used and net change in the fair value of derivatives (commodities and foreign exchange) (see Notes 3 and 6 to the Income Statement)						
Price risk hedges for energy products						
- definable as hedges pursuant to IAS 39 (CFH) (**)	(83,758)	(190)	(190)	(125)	65	(83,693)
- not definable as hedges pursuant to IAS 39	(15,923)	(18,878)	(18,878)	(18,525)	353	(15,570)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH) (*) (**)	(58,531)	-	-	(569)	(569)	(59,100)
- not definable as hedges pursuant to IAS 39	(11,382)	(5,052)	(5,052)	(31,816)	(26,764)	(38,146)
Total (B)	**(169,594)**	**(24,120)**	**(24,120)**	**(51,035)**	**(26,915)**	**(196,509)**
TOTAL RECOGNIZED IN EBIT (A+B)	**(41,923)**	**2,848**	**3,669**	**24,788**	**21,940**	**(19,983)**
Interest rate hedges, broken down as follows:						
Financial income						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- definable as hedges pursuant to IAS 39 (FVH)	34,089	47,776	6,769	86,096	38,320	72,409
- not definable as hedges pursuant to IAS 39	11,733	5,009	682	3,709	(1,300)	10,433
Total financial income (C)	**45,822**	**52,785**	**7,451**	**89,805**	**37,020**	**82,842**
Financial expense						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- definable as hedges pursuant to IAS 39 (FVH)	(20,045)	-	-	-	-	(20,045)
- not definable as hedges pursuant to IAS 39	(12,887)	(9,872)	(165)	(26,162)	(16,290)	(29,177)
Total financial expense (D)	**(32,932)**	**(9,872)**	**(165)**	**(26,162)**	**(16,290)**	**(49,222)**
Margin on interest rate hedging transactions (C+D)=(E)	**12,890**	**42,913**	**7,286**	**63,643**	**20,730**	**33,620**
Foreign exchange rate hedges broken down as follows:						
Foreign exchange gains						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	43,971	1,476	1,282	209	(1,267)	42,704
Total foreign exchange gains (F)	**43,971**	**1,476**	**1,282**	**209**	**(1,267)**	**42,704**
Foreign exchange losses						
- definable as hedges pursuant to IAS 39	-	-	-	-	-	-
- not definable as hedges pursuant to IAS 39	(48,271)	-	-	(4,439)	(4,439)	(52,710)
Total foreign exchange losses (G)	**(48,271)**	**-**	**-**	**(4,439)**	**(4,439)**	**(52,710)**
Margin on foreign exchange hedging transactions (F+G)=(H)	**(4,300)**	**1,476**	**1,282**	**(4,230)**	**(5,706)**	**(10,006)**
TOTAL INCLUDED IN NET FINANCIAL INCOME (EXPENSE) (E+H) (see Note 8 to the Income Statement)	**8,590**	**44,389**	**8,568**	**59,413**	**15,024**	**23,614**

(*) Includes the effective portion included in Raw materials and services used (Note 3 to the Income Statement) for purchases of natural gas.
(**) Includes the ineffective portion.
(***) Amounts included in Sales revenues (Note 1 to the Income Statement) under margin on physical trading activities.
(****) Amounts included in Other revenues and income (Note 2 to the Income Statement) under margin on financial trading activites.

The table below provides a breakdown of the amounts recognized on the balance sheet for the measurement at fair value of derivatives and physical contracts outstanding at December 31, 2012:

(in millions of euros)	12.31.2012		12.31.2011	
	Receivables	Payables	Receivables	Payables
Transactions on:				
- Interest rates	89,698	(26,352)	52,784	(9,872)
- Foreign exchange	10,355	(120,620)	23,829	(60,676)
- Commodities	165,489	(43,333)	74,041	(48,305)
- Trading	26,498	(25,992)	42,609	(39,501)
Fair value recognized as a current asset or a current liability	**292,040**	**(216,297)**	**193,263**	**(158,354)**
Recognized as:				
- Trade receivables and payables	21,636	(24,344)	38,424	(30,024)
- Other receivables and payables	180,706	(165,601)	101,461	(118,458)
- Current financial assets or Short-term financial debt	89,698	(26,352)	52,978	(9,872)
Total	**292,040**	**(216,297)**	**192,863**	**(158,354)**

With regard to the items listed above, please note that the receivables and payables shown are offset in shareholders' equity by a negative cash flow hedge reserve amounting to 8,289,000 euros, before the applicable deferred taxes.

Classes of Financial Instruments

The table provided below, which lists the types of financial instruments recognized in the financial statements, showing the valuation criteria applied and, in the case of financial instruments measured at fair value, whether gains or losses were recognized in earnings or in equity and their classification on the fair value hierarchy, completes the disclosures required by IFRS 7. The last column in the table shows, if applicable, the fair value of financial instruments at December 31, 2012.

The Company chose not to adopt the fair value option and, consequently, as the table shows, neither financial debt nor bonds were restated at fair value.

Financial instrument type	Criteria applied to value financial instruments in the financial statements										
(in thousands of euros)	**Financial instruments measured at fair value** with change in fair value recognized in: earnings (a)	equity (b)	(c)	**Total Fair Value (A)**	Fair Value Hierarchy (notes a, b, c) 1	2	3 (l)	**Financial instruments valued at amortized cost (B) (d)**	**Equity invest-ments valued at cost (C) (e)**	**Carrying value at 12.31.12 (A+B+C)**	Fair Value at 12.31.12
ASSETS											
Available-for-sale equity investments, including:											
- unlisted securities	179,128	-	-	**179,128**	-	-	179,128	-	**4,947**	**184,075**	n.a.
- listed securities	-	9,791	-	**9,791**	9,791	-	-	-	**-**	**9,791**	9,791
										193,866	
Other financial assets (h)	-	-	-	-	-	-	-	**7,113**	**-**	**7,113**	7,113
Other assets (i)	-	-	-	-	-	-	-	**96,081**	**-**	**96,081**	96,081
Trade receivables (h) (i)	21,636	-	-	**21,636**	-	21,636	-	**1,268,579**	**-**	**1,290,215**	1,290,215
Other receivables (f) (i)	79,343	101,363	-	**180,706**	-	177,411	3,295	**161,184**	**-**	**341,890**	341,890
Current financial assets (f) (g) (i)	94,701	-	-	**94,701**	5,003	89,698	-	**2,588,400**	**-**	**2,683,101**	2,683,101
Cash and cash equivalents (i)	-	-	-	-	-	-	-	**633,039**	**-**	**633,039**	633,039
LIABILITIES											
Bonds	1,876,862	-	-	**1,876,862**	-	1,876,862	-	**22,498**	**-**	**1,899,360**	1,945,074
Financial debt (f) (i)	26,396	-	-	**26,396**	-	26,396	-	**2,015,612**	**-**	**2,042,008**	2,044,905
Trade payables (h) (i)	24,344	-	-	**24,344**	-	23,695	649	**1,085,837**	**-**	**1,110,181**	1,110,181
Other liabilities (f) (i)	56,302	109,299	-	**165,601**	-	164,932	669	**210,288**	**-**	**375,889**	375,889

(a) Assets and liabilities measured at fair value, with changes in fair value recognized in earnings.
(b) Cash flow hedges.
(c) Available-for-sale financial assets measured at fair value, with gains/losses recognized in equity.
(d) Loans, receivables and financial liabilities valued at amortized cost.
(e) Available-for-sale financial assets consisting of investments in unlisted securities the fair value of which cannot be measured reliably are valued at cost, reduced by any impairment losses.
(f) Includes receivables and payables resulting from the measurement of derivatives at fair value.
(g) Includes equity investments held for trading.
(h) Includes receivables and payables from the measurement at fair value of physical contracts in Trading Portfolio.
(i) The fair value of the components of these items that are not derivatives or loans was not computed because it is substantially the same as their carrying amount.
(l) The fair value classified at Level 3, is recognised for 649,000 euros in the physical trading margin, and for 2,626,000 euros in the financial trading margin, for 648,000 euros in Sales revenues and for 2,626,000 euros in Oher revunue and income.

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

Consistent with the applicable policies adopted by the Group, transactions with related and significant parties affecting the income statement, balance sheet and cash flow that were outstanding at December 31, 2012 are reviewed below (see also the "Corporate Governance 2012"). 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.

Further to the publication by the Consob, on September 24, 2010, of a Communication setting forth provisions governing related-party transactions in accordance with Consob Resolution No. 17221 of March 12, 2010, as amended, the Board of Directors of Edison Spa approved a Procedure Governing Related-Party Transactions, which went into effect on January 1, 2011.

Please note that, as a result of the corporate restructuring of the Edison Group completed on May 24, 2012, the Company's reference related parties have changed. More specifically, following the sale of Edipower Spa to Delmi and EDF's acquisition of the entire share capital of Transalpina di Energia through its purchase of the equity stake held by Delmi, EDF gained control of Edison and is now its reference shareholder. Follows a summary of the effects of Edipower's sale:

- the sales price of 683,749,000 euros;
- 554,443,000 euros related to the repayment by Edipower Spa of the shareholders' loan received in December 2011, plus interest accrued.

For further information, please see the section entitled "Disclosure Pursuant to IFRS 5."

Consequently, the table below shows:

- income statement transactions executed with companies of the A2A Group, the IREN Group, the SEL Group, the Dolomiti Energia Group, Banca Popolare di Milano and Mediobanca only up to May 24, 2012;
- income statement and balance sheet transactions executed through December 31, 2012 with companies of the EDF Group, Transalpina di Energia and other Group companies.

(in thousands of euros)	Related parties in compliance with ias 24					Other related and significant parties					Total related and significant parties	Total financial statement item	% impact
	with Group companies	with controlling company	EDF Group	A2A Group (**)	Subtotal	Iren Group (**) (***)	Dolomiti Energia Group (**)(***)	Banca Popolare di Milano (**)	Mediobanca (**)	Subtotal			
Balance sheet transactions													
Equity investments	1,317,025	-	-	-	**1,317,025**	-	-	-	-	-	**1,317,025**	1,317,025	100.0%
Other financial assets	7,113	-	-	-	**7,113**	-	-	-	-	-	**7,113**	7,113	100.0%
Trade receivables	437,721	-	873	-	**438,594**	-	-	-	-	-	**438,594**	1,290,215	34.0%
Other receivables	58,037	58,685	1,911	-	**118,633**	-	-	-	-	-	**118,633**	341,890	34.7%
Current financial assets	2,588,400	-	-	-	**2,588,400**	-	-	-	-	-	**2,588,400**	2,683,101	96.5%
Current financial liabilities	681,925	-	710	-	**682,635**	-	-	-	-	-	**682,635**	1,922,776	35.5%
Trade payables	77,902	-	4,510	-	**82,412**	-	-	-	-	-	**82,412**	1,110,181	7.4%
Other payables	5,434	-	1,305	-	**6,739**	-	-	-	-	-	**6,739**	375,889	1.8%
Income statement transactions													
Sales revenues	2,504,360	309	10,482	35,573	**2,550,724**	195,430	26,804	-	-	**222,234**	**2,772,958**	6,432,739	43.1%
Other revenues and income	31,892	-	1,413	-	**33,305**	-	-	-	-	-	**33,305**	712,277	4.7%
Raw materials and services used	101,525	-	8,382	-	**109,907**	-	-	-	-	-	**109,907**	6,675,375	1.6%
Financial income	74,136	-	-	-	**74,136**	-	-	-	-	-	**74,136**	175,915	42.1%
Financial expense	8,462	-	7	-	**8,469**	-	-	9	1,016	**1,025**	**9,494**	218,110	4.4%
Income from equity investments	159,037	-	-	-	**159,037**	-	-	-	-	-	**159,037**	159,037	100.0%
Expense on equity investments	52,721	-	-	-	**52,721**	-	-	-	-	-	**52,721**	52,913	99.6%
Commitments and contingent risks													
Other commitments and risks	-	-	21,500	-	**21,500**	-	-	-	-	-	**21,500**	570,854	3.8%

(**) Income statement amounts from January 1, 2012 to May 24, 2012.
(***) Prior to the corporate restructuring, considered as Related Party in the "Procedure Governing Related-Party Transactions."

Edison has always shown support for its human resources, promoting their development with training and important professional paths.

A) Intercompany Transactions

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

- Commercial transactions involving the buying and selling of electric power and natural gas, green certificates and CO_2 emissions rights.
- Transactions involving the provision of services (technical, organizational and general) by headquarters staff.
- Financial transactions involving lending and current account facilities established within the framework of the Group's centralized cash management system.
- Transactions required to file a consolidated VAT return for the Group (so-called VAT Pool).
- Transactions with the controlling company in connection with the consolidated corporate income tax return.

With the exception of transactions related to the VAT Pool and the consolidated corporate income tax return, which are executed pursuant to law, all of the transactions listed above are governed by contracts with conditions that are consistent with market terms, i.e., the terms that would be applied by two independent parties.

In the area of commercial transactions, the Group's Parent Company, Edison Spa, sells natural gas and electric power to Edison Trading Spa and Edison Energia Spa, respectively, under special contracts that, taking into account the specific functions of the two buyer companies within the Group, provide the seller with adequate coverage of its fixed and variable costs. In addition, the rate earned on transactions involving intercompany current accounts is the Deposit Rate, while the rate paid is the Marginal Refinance Rate, both of which are determined by the European Central Bank.

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, as amended, and of the Ministerial Decree dated December 13, 1979. Under the consolidated return system, Group companies transfer to Edison Spa, either monthly or quarterly, VAT payable and receivable positions in order to allow Edison Spa to offset these positions and pay only the resulting debit balance, if any. The Group VAT return for December 2012 shows that the Group had a net debit toward the tax administration of about 37,226,000 euros.

Consolidated Corporate Income Tax (IRES) Return

Edison Spa and its main subsidiaries agreed to be included for another three years, from 2012 to 2014, in the consolidated income tax return filed by Transalpina di Energia Srl, the Group's controlling company. Special agreements govern the relationships between the filers of the consolidated return.

The terms of these agreements are in line with those in effect for the previous three years, except for adjustments required to comply with intervening changes in the tax laws.
Consequently, the companies that agreed to be included in the consolidated income tax return determine their corporate income tax liability in concert with Transalpina di Energia Srl.
Due to regulation changes that occurred in 2011, Group companies operating primarily in the sectors of hydrocarbon exploration and development, production and distribution, transmission or distribution of natural gas, and production and distribution of electric power, including power generated from renewable sources, are subject to a corporate income tax (IRES) surcharge, which was set at 10.5% for 2012 (regular rate of 6.5% increased to 10.5% for three years, from 2011 to 2013). The affected companies are required to pay the surcharge directly, even if they are included in the filing of a consolidated IRES return.

B) Transactions with Other Related Parties

In 2009, Edison Spa engaged in a number of commercial and financial transactions with some of its current shareholders and/or companies controlled by them. An overview of these transactions, which were carried out in the normal course of business based on contractual terms mutually agreed upon by the parties and consistent with regular market practices, is provided below.

1) Commercial Transactions

As shown in the summary schedule, these transactions refer mainly to revenues generated by sales of natural gas, electric power and transmission services and the rebilling of maintenance costs.

2) Financial Transactions

Edison spa, by virtues of the coordination and control function that it performs for at risk positions within the Group's entire industrial portfolio and consistent with the risk mandates defined in the Group Energy Risk Policies and the Company Risk Committees, subscribed with Edison Energia Spa and Edison Trading Spa subsidiaries intercompany financial hedges with the aim of mitigating the exposure of their margins to fluctuations in prices of energy commodities.
On September 27, 2012, EDF Sa and Edison Spa executed a framework agreement for centralized cash management services that, in addition to providing Edison with flexibility for its own and its subsidiaries short-term cash needs, optimizing the daily cash surplus and needs. At December 31, 2012, Edison owed EDF 710,000 euros.

3) Other Transactions

There were no significant events requiring disclosure.

OTHER INFORMATION

Significant Nonrecurring Events and Transactions

Significant events requiring disclosure pursuant to Consob Communication No. DEM/6064293 of July 28, 2006 are listed below:

- On February 7, 2012, Edison agreed to the voluntary early termination of the CIP 6/92 contract for the Piombino thermoelectric power plant, recognizing a net positive impact of 28 million euros at the EBITDA level (due to an income of 85 million euros net of a provision for future charges of 57 million euros) and writedowns of property, plant and equipment totaling 21 million euros.
- On May 24, 2012 at a price of 684 million euros. The Company recognized a positive effect of 81 million euros in profit or loss, net of transaction costs (in the line item "Profit (Loss) from discontinued operations").
- On September 11, 2011, the International Chamber of Commerce of London served notice of its award in the arbitration proceedings between Edison and RasGas for a revision of the price of liquefied natural gas (LNG) supplied from Qatar under a long-term contract, which had a positive effect of 438 million euros at the EBITDA level.
- On October 1, 2012, the International Chamber of Commerce of Paris handed down its award in the arbitration proceedings between Edison and ENI for a revision of the price of natural gas supplied from Libya under a long-term contract, which had a positive effect of 242 million euros at the EBITDA level.

Transactions Resulting from Atypical and/or Unusual Activities

In 2012, Edison did not execute atypical and/or unusual transactions, as defined in CONSOB Communication No. DEM/6064293 of July 28, 2006.

Treasury Shares

The Company held no treasury shares at December 31, 2012.

Compensation, Stock Options and Equity Investments of Executive Directors, Executives with strategic responsibilities and Statutory Auditors

For information concerning:

- the compensation, the stock options awarded to and the equity investments of Executive Directors and executives with strategic responsibilities;
- the compensation and the equity investments of Statutory Auditors;

please consult the Annual Compensation Report.

SIGNIFICANT EVENTS OCCURRING SINCE DECEMBER 31, 2012

No significant events requiring disclosure occurred since December 31, 2012.

Milan, February 8, 2013

The Board of Directors
by Bruno Lescoeur
Chief Executive Officer

LIST OF EQUITY INVESTMENTS AT DECEMBER 31, 2012

The Sarmato (Piacenza) thermoelectric power plant.

LIST OF EQUITY INVESTMENTS

Company	Head office	Share capital Currency	Amount	Par value per share
A1. Equity Investments in Subsidiaries				
AMG Gas Srl	**(*) Palermo**			
Balance at 12.31.2011		Eur	100,000	-
Balance at 12.31.2012		Eur	100,000	-
Atema Ltd	**Dublin (Ireland)**			
Balance at 12.31.2011		Eur	1,500,000	0.50
Balance at 12.31.2012		Eur	1,500,000	0.50
CSE Srl	**(*) Pavia**			
Balance at 12.31.2011		Eur	-	-
Acquisition		Eur	12,440	-
Balance at 12.31.2012		Eur	12,440	-
Dolomiti Edison Energy Srl	**Trento**			
Balance at 12.31.2011		Eur	5,000,000	-
Balance at 12.31.2012		Eur	5,000,000	-
Ecofuture Srl (single shareholder)	**(*) Milan**			
Balance at 12.31.2011		Eur	10,200	-
Writedown		Eur	-	-
Balance at 12.31.2012		Eur	10,200	-
Edison D.G. Spa (single shareholder)	**(*) Selvazzano Dentro (PD)**			
Balance at 12.31.2011		Eur	460,000	1.00
Balance at 12.31.2012		Eur	460,000	1.00
Edison Energia Spa (single shareholder)	**(*) Milan**			
Balance at 12.31.2011		Eur	22,000,000	1.00
Balance at 12.31.2012		Eur	22,000,000	1.00
Edison Energie Speciali Spa (single shareholder)	**(*) Milan**			
Balance at 12.31.2011		Eur	4,200,000	1.00
Balance at 12.31.2012		Eur	4,200,000	1.00
Edison Engineering Sa	**Athens (Greece)**			
Balance at 12.31.2011		Eur	260,001	3,00
Balance at 12.31.2012		Eur	260,001	3,00
Edison Gas and Power Romania Srl	**Bucarest (Romania)**			
Balance at 12.31.2011		Ron	-	-
Acquisition		Ron	8,400,000	8,400.000
Balance at 12.31.2012		Ron	8,400,000	8,400.000
Edison Hellas Sa	**Athens (Greece)**			
Balance at 12.31.2011		Eur	263,700	2.93
Balance at 12.31.2012		Eur	263,700	2.93
Edison Idrocarburi Sicilia Srl (single shareholder)	**(*) Ragusa**			
Balance at 12.31.2011		Eur	10,000	-
Writedown		Eur	-	-
Balance at 12.31.2012		Eur	10,000	-

(1) Amounts in euros.
(*) Company over which Edison Spa exercises management and coordination authority.

% interest held in share capital	No. of shares or face value of capital interests held	Cost [1]	Revaluations (Writedowns)	Net carrying value [1]	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
80.000	80,000	25,100,000	(800,000)	24,300,000				
80.000	80,000	25,100,000	(800,000)	24,300,000	5,784,455	4,627,564	2,099,385	1,679,508
100.000	3,000,000	1,381,681	-	1,381,681				
100.000	3,000,000	1,381,681	-	1,381,681	2,082,145	2,082,145	(44,012)	(44,012)
-	-	-	-	-				
100.000	12,440	1,756,892	-	1.756,892				
100.000	12,440	1,756,892	-	1.756,892	447,254	447,254	402,336	402,336
49.000	2,450,000	8,187,900	-	8,187,900				
49.000	2,450,000	8,187,900	-	8,187,900	19,260,534	9,437,662	1,485,805	728,044
100.000	10,200	688,801	(663,922)	24,879				
-	-	-	(11,222)	(11,222)				
100.000	10,200	688,801	(675,144)	13,657	16,682	16,682	8,197	8,197
100.000	460,000	38,512,802	-	38,512,802				
100.000	460,000	38,512,802	-	38,512,802	38,699,187	38,699,187	7,646,039	7,646,039
100.000	22,000,000	83,444,519	(3,868,128)	79,576,391				
100.000	22,000,000	83,444,519	(3,868,128)	79,576,391	65,826,792	65,826,792	12,128,790	12,128,790
100.000	4,200,000	205,342,755	-	205,342,755				
100.000	4,200,000	205,342,755	-	205,342,755	144,552,528	144.552,528	19,332,578	19,332,578
100.000	86,667	260,001	-	260,001				
100.000	86,667	260,001	-	260,001	292,385	292,385	(32,109)	(32,109)
-	-	-	-	-				
100.000	840,000	19,321	-	19,321				
100.000	840,000	19,321	-	19,321	8,303,798	8,303,798	(96,202)	(96,202)
100.000	90,000	187,458	(8,000)	179,458				
100.000	90,000	187,458	(8,000)	179,458	179,490	179,490	(132,517)	(132,517)
100.000	10,000	30,000	(13,606)	16,394				
-	-	-	(820)	(820)				
100.000	10,000	30,000	(14,426)	15,574	15,575	15,575	(820)	(820)

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

CHF Swiss franc
EUR euro
NLG Dutch guilder
PTE Portuguese escudo
BRL Brazilian real
GBP British pound
EGP Egyptian pound
USD U.S. dollar
LIT Italian lira
TRL Turkish lira

LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital		
		Currency	Amount	Par value per share
Edison International Spa	**(*) Milan**			
Balance at 12.31.2011		Eur	75,000,000	1.00
Revaluation		Eur	-	-
Balance at 12.31.2012		Eur	75,000,000	1.00
Edison International Holding NV	**Amsterdam (Netherlands)**			
Balance at 12.31.2011		Eur	50,000,000	1.00
Writedown		Eur	-	-
Balance at 12.31.2012		Eur	50,000,000	1.00
Edison Stoccaggio Spa (single shareholder)	**(*) Milan**			
Balance at 12.31.2011		Eur	81,497,301	1.00
Share capital increase		Eur	8,502,699	1.00
Advance by shareholders on future capital contributions		Eur	-	-
Reclassification for the spin off to ITG Spa		Eur	-	-
Balance at 12.31.2012		Eur	90,000,000	1.00
Edison Trading Spa (single shareholder)	**(*) Milan**			
Balance at 12.31.2011		Eur	30,000,000	1.00
Balance at 12.31.2012		Eur	30,000,000	1.00
Euroil Exploration Ltd	**London (England)**			
Balance at 12.31.2011		GBP	9,250,000	1.00
Balance at 12.31.2012		GBP	9,250,000	1.00
Gever Spa (pledged shares)	**Milan**			
Balance at 12.31.2011		Eur	10,500,000	1,000.00
Balance at 12.31.2012		Eur	10,500,000	1,000.00
Hydros Srl	**Bolzano**			
Balance at 12.31.2011		Eur	30,018,000	-
Balance at 12.31.2012		Eur	30,018,000	-
Jesi Energia Spa	**(*) Milan**			
Balance at 12.31.2011		Eur	5,350,000	1.00
Writedown		Eur	-	-
Balance at 12.31.2012		Eur	5,350,000	1.00
Infrastrutture Trasporto Gas Spa (Ex Edison Energie Speciali Calabria Spa)	**Milan**			
Balance at 12.31.2011		Eur	120,000	1.00
Share capital increase for the spin off from Edison Stoccaggio Spa		Eur	9,880,000	1.00
Balance at 12.31.2012		Eur	10,000,000	1.00
Montedison Srl (single shareholder)	**(*) Milan**			
Balance at 12.31.2010		Eur	2,583,000	-
Advance by shareholders on future capital contributions		Eur	-	-
Writedown		Eur	-	-
Merger with Edison Spa		Eur	(2,583,000)	-
Balance at 12.31.2011		Eur	-	-

(1) Amounts in euros.
(*) Company over which Edison Spa exercises management and coordination authority.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Revaluations (Writedowns)	Net carrying value (1)	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
100.000	75,000,000	656,321,794	(237,600,000)	418,721,794				
-	-	-	(13,400,000)	(13,400,000)				
100.000	75,000,000	656,321,794	(251,000,000)	405,321,794	405,087,070	405,087,070	(6,811,903)	(6,811,903)
100.000	50,000,000	225,687,200	(38,454,934)	187,232,266				
-	-	-	(18,240,000)	(18,240,000)				
100.000	73,500,000	225,687,200	(56,694,934)	168,992,266	178,328,825	178,328,825	(20,108,443)	(20,108,443)
100.000	81,497,301	81,497,301	-	81,497,301				
-	8,502,699	-	-	-				
-	-	85,000,000	-	85,000,000				
-	-	(32,216,454)	-	(32,216,454)				
100.000	90,000,000	134,280,847	-	134,280,847	174,878,170	174,878,170	17,797,466	17,797,466
100.000	30,000,000	30,000,000	-	30,000,000				
100.000	30,000,000	30,000,000	-	30,000,000	293,898,465	293,898,465	68,187,290	68,187,290
0.000	1	950	-	950				
0.000	1	950	-	950	8,848,080	1	(156,907)	-
51.000	5,355	24,055,699	(13,500,000)	10,555,699				
51.000	5,355	24,055,699	(13,500,000)	10,555,699	26,038,190	13,279,477	3,743,101	1,908,982
40.000	12,007,200	33,379,456	-	33,379,456				
40.000	12,007,200	33,379,456	-	33,379,456	34,287,900	13,715,160	6,679,399	2,671,760
70.000	3,745,000	15,537,145	-	15,537,145				
-	-	-	(5,311,000)	(5,311,000)				
70.000	3,745,000	15,537,145	(5,311,000)	10,226,145	15,805,938	11,064,157	(8,233,982)	(5,763,787)
100.000	120,000	120,000	(32,330)	87,670				
-	9,880,000	32,216,454	-	32,216,454				
100.000	10,000,000	32,336,454	(32,330)	32,304,124	33,361,601	33,361,601	1,057,336	1,057,336
100.000	2,583,000	68,760,329	(68,147,037)	613,292				
-	-	2,000,000	-	2,000,000				
-	-	-	(1,250,292)	(1,250,292)				
(100.000)	(2,583,000)	(70,760,329)	(69,397,329)	(1,363,000)				
-	-	-	-	-	-	-	-	-

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
Nuova Alba Srl (single shareholder)	**(*) Milan**			
Balance at 12.31.2011		Eur	2,016,457	-
Advance by shareholders on future capital contributions		Eur	-	-
Writedown		Eur	-	-
Balance at 12.31.2012		Eur	2,016,457	-
Nuova C.I.S.A. Spa in liquidation (single shareholder)	**(*) Milan**			
Balance at 12.31.2011		Eur	1,549,350	1.00
Balance at 12.31.2012		Eur	1,549,350	1.00
Presenzano Energia Srl	**(*) Milan**			
Balance at 12.31.2011		Eur	120,000	-
Advance by shareholders on future capital contributions		Eur	-	-
Writedown		Eur	-	-
Balance at 12.31.2012		Eur	120,000	-
Sarmato Energia Spa	**Milan**			
Balance at 12.31.2011		Eur	14,420,000	1.00
Merger with Edison Spa		Eur	(14,420,000)	(1.00)
Balance at 12.31.2012		Eur	-	-
Sistemi di Energia Spa	**(*) Milan**			
Balance at 12.31.2011		Eur	10,083,205	1.00
Balance at 12.31.2012		Eur	10,083,205	1.00
Società Generale per Progettazioni Consulenze e Partecipazioni Spa (under extraordinary administration)	**Rome**			
Balance at 12.31.2011		Lit	300,000,000	10,000.00
Balance at 12.31.2012		Lit	300,000,000	10,000.00
Termica Cologno Srl	**(*) Milan**			
Balance at 12.31.2011		Eur	9,296,220	-
Balance at 12.31.2012		Eur	9,296,220	-
Termica Milazzo Srl	**(*) Milan**			
Balance at 12.31.2011		Eur	23,241,000	-
Writedown		Eur	-	-
Balance at 12.31.2012		Eur	23,241,000	-
Total A1. Equity investments in subsidiaries				

(1) Amounts in euros.
(*) Company over which Edison Spa exercises management and coordination authority.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Revaluations (Writedowns)	Net carrying value (1)	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
100.000	2,016,457	25,598,550	(23,827,673)	1,770,877				
-	-	2,850,000	-	2,850,000				
-	-	-	(2,555,611)	(2,555,611)				
100.000	2,016,457	28,448,550	(26,383,284)	2,065,266	2,065,266	2,065,266	(2,555,611)	(2,555,611)
100.000	1,549,350	3,500,109	(1,086,596)	2,413,513				
100.000	1,549,350	3,500,109	(1,086,596)	2,413,513	4,411,570	4,411,570	(215,435)	(215,435)
90.000	108,000	108,000	(87,539)	20,461				
-	-	87,540	-	87,540				
-	-	-	(36,385)	(36,385)				
90.000	108,000	195,540	(123,924)	71,616	79,572	71,615	(40,428)	(36,385)
100.000	14,420,000	35,555,341	(35,555,341)	-				
(100.000)	(14,420,000)	(35,555,341)	35,555,341	-				
100.000	-	-	-	-	-	-	-	-
86.122	8,683,858	4,249,906	4,150,094	8,400,000				
86.122	8,683,858	4,249,906	4,150,094	8,400,000	9,725,148	8,375,492	(127,263)	(109,601)
59.333	17,800	1	-	1				
59.333	17,800	1	-	1	-	-	-	-
65.000	6,042,543	6,069,782	-	6,069,782				
65.000	6,042,543	6,069,782	-	6,069,782	14,770,949	9,601,117	3,235,875	2,103,319
60.000	13,944,600	69,957,191	(18,700,000)	51,257,191				
-	-	-	(10,300,000)	(10,300,000)				
60.000	13,944,600	69,957,191	(29,000,000)	40,957,191	53,744,536	32,246,722	10,168,535	6,101,121
		1,628,932,754	**(384,347,672)**	**1,244,585,082**				

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
A2. Equity Investments in Joint Ventures (°) and Affiliated Companies				
Coniel Spa in liquidation	**Rome**			
Balance at 12.31.2011		Eur	1,020	0.51
Balance at 12.31.2012		Eur	1,020	0.51
EL.I.T.E. Spa	**Milan**			
Balance at 12.31.2011		Eur	3,888,500	1.00
Balance at 12.31.2012		Eur	3,888,500	1.00
Eta 3 Spa	**Arezzo**			
Balance at 12.31.2011		Eur	2,000,000	1.00
Balance at 12.31.2012		Eur	2,000,000	1.00
Ibiritermo Sa (pledged shares)	**Ibiritè (Brazil)**			
Balance at 12.31.2011		BRL	7,651,814	1.00
Balance at 12.31.2012		BRL	7,651,814	1.00
Inica - Soc. de iniciativas e industrias Sa	**Lisbon (Portugal)**			
Balance at 12.31.2011		PTE	1,000,000	-
Balance at 12.31.2012		PTE	1,000,000	-
Iniziativa Universitaria 1991 Spa	**Varese**			
Balance at 12.31.2011		Eur	-	-
Merger of Montedison Srl		Eur	16,120,000	520.00
Balance at 12.31.2012		Eur	16,120,000	520.00
Kraftwerke Hinterrhein (KHR) Ag	**Thusis (Switzerland)**			
Balance at 12.31.2011		CHF	100,000,000	1,000.00
Balance at 12.31.2012		CHF	100,000,000	1,000.00
Nuova ISI Impianti Selez. Inerti Srl in bankruptcy	**Vazia (RI)**			
Balance at 12.31.2011		Lit	-	-
Merger of Montedison Srl		Lit	150,000,000	-
Balance at 12.31.2012		Lit	150,000,000	-
Sel-Edison Spa	**Castelbello (BZ)**			
Balance at 12.31.2011		Eur	84,798,000	1.00
Balance at 12.31.2012		Eur	84,798,000	1.00
Società per lo sviluppo la partecipazione e gestione del Gasdotto Algeria-Italia via Sardegna Spa - Galsi Spa	**Milan**			
Balance at 12.31.2011		Eur	37,242,300	1.00
Writedown		Eur	-	-
Balance at 12.31.2012		Eur	37,242,300	1.00
Syremont Spa	**Messina**			
Balance at 12.31.2011		Eur	1,250,000.00	1.00
Balance at 12.31.2012		Eur	1,250,000.00	1.00
Total A2. Equity investments in affiliated companies				
Total A. Equity investments				

A2. Equity Investments in Joint Ventures (°) and Affiliated Companies

Discontinued Operation

Company	Head office	Currency	Amount	Par value per share
Edipower Spa	**Milan**			
Balance at 12.31.2011		Eur	1,441,300,000	1.00
Disposal		Eur	(1,441,300,000)	(1.00)
Balance at 12.31.2012		Eur	-	-

(1) Amounts in euros.
(*) Company over which Edison Spa exercises management and coordination authority.

% interest held in share capital	No. of shares or face value of capital interests held	Cost [1]	Revaluations (Writedowns)	Net carrying value [1]	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
35.250	705	308	-	308				
35.250	705	308	-	308	-	-	-	-
48.449	1,883,940	1,883,940	-	1,883,940				
48.449	1,883,940	1,883,940	-	1,883,940	-	-	-	-
33.013	660,262	660,262	-	660,262				
33.013	660,262	660,262	-	660,262	-	-	-	-
50.000	3,825,907	1,161,904	-	1,161,904				
50.000	3,825,907	1,161,904	-	1,161,904	41,312,963	20,656,482	15,413,704	7,706,852
20.000	200,000	1	-	1				
20.000	200,000	1	-	1	-	-	-	-
-	-	-	-	-				
32.258	10,000	4,405,565	(51,645)	4,353,920				
32.258	10,000	4,405,565	(51,645)	4,353,920		-		-
20.000	20,000	11,362,052	-	11,362,052				
20.000	20,000	11,362,052	-	11,362,052	-	-	-	-
-	-	-	-	-				
33.333	50,000,000	1	-	1				
33.333	50,000,000	1	-	1	-	-	-	-
42.000	35,615,160	35,615,160	-	35,615,160				
42.000	35,615,160	35,615,160	-	35,615,160	95,238,901	40,000,338	5,430,471	2,280,798
20.809	7,749,845	21,047,121	(3,320,000)	17,727,121				
-	-	-	(325,000)	(325,000)				
20.809	7,749,845	21,047,121	(3,645,000)	17,402,121	-	-	-	-
24.000	300,000	400	-	400				
24.000	300,000	400	-	400	-	-	-	-
		76,136,714	**(3,696,645)**	**72,440,069**				
		1,705,069,468	**(388,044,317)**	**1,317,025,151**				
50.000	720,650,000	1,066,368,322	(466,368,322)	600,000,000				
(50.000)	(720,650,000)	(1,066,368,322)	466,368,322	(600,000,000)				
-	-	-	-	-				

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
B. Equity Investments Held for Sale				
Aquapur Multiservizi Spa	**Porcari (Lu)**			
Balance at 12.31.2011		Eur	1,073,677	5.16
Balance at 12.31.2012		Eur	1,073,677	5.16
Cerset Srl	**Bari**			
Balance at 12.31.2011		Eur	117,088	-
Disposal		Eur	(117,088)	-
Balance at 12.31.2012		Eur	-	-
Compagnia Paramatti Finanziaria Spa	**Milan**			
Balance at 12.31.2011 - common shares		Lit.	268,611,102	3.00
Balance at 12.31.2012 - common shares		Lit.	268,611,102	3.00
Consorzio Industriale Depurazione	**Lucca**			
Balance at 12.31.2011		Eur	45,965	-
Balance at 12.31.2012		Eur	45,965	-
Costruttori Romani Riuniti Spa	**Rome**			
Balance at 12.31.2011		Eur	3,274,429	8,186.07
Final distribution		Eur	-	-
Balance at 12.31.2012		Eur	3,274,429	8,186.07
Emittenti Titoli Spa	**Milan**			
Balance at 12.31.2011		Eur	4,264,000	0.52
Balance at 12.31.2012		Eur	4,264,000	0.52
European Energy Exchange Ag - EEX	**Leipzig (Germany)**			
Balance at 12.31.2011		Eur	40,050,000	1.00
Balance at 12.31.2012		Eur	40,050,000	1.00
Finligure Spa (in bankruptcy)	**Genoa**			
Balance at 12.31.2011		Lit.	6,261,874,080	3.135
Balance at 12.31.2012		Lit.	6,261,874,080	3.135
Fornara Spa in liquidation	**Turin**			
Balance at 12.31.2011 - preferred shares		Eur	52,375,700	0.26
Dissolution		Eur	(52,375,700)	(0.26)
Balance at 12.31.2012 - preferred shares		Eur	-	-
Istituto Europeo di Oncologia Srl	**Milan**			
Balance at 12.31.2011		Eur	80,579,007	-
Balance at 12.31.2012		Eur	80,579,007	-
I.SV.E.UR. Spa	**Rome**			
Balance at 12.31.2011		Eur	2.500.000	1.000,00
Balance at 12.31.2012		Eur	2.500.000	1.000,00
MB Venture Capital Fund I Participating Comp e Nv in liquidation	**Amsterdam (Netherlands)**			
Balance at 12.31.2011		Eur	50,000	-
Writedown		Eur	(50,000)	-
Balance at 12.31.2012		Eur	0	-

(1) Amounts in euros.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Revaluations (Writedowns)	Net carrying value (1)	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
0.275	573	1	-	1				
0.275	573	1	-	1				
0.060	70,380	222	(166)	56				
(0.060)	(70,380)	222	166	(56)				
-	-	-	-	-				
0.004	3,992	1	-	1				
0.004	3,992	1	-	1				
7.303	3,357	1	-	1				
7.303	3,357	1	-	1				
0.500	2	25,823	(25,822)	1				
-	-	(25,823)	25,822	(1)				
0.500	2	-	-	-				
3.890	319,000	164,263	-	164,263				
3.890	319,000	164,263	-	164,263				
0.757	303,106	680,500	-	680,500				
0.757	303,106	680,500	-	680,500				
0.035	700	1	-	1				
0.035	700	1	-	1				
-	63	77	(76)	1				
-	(63)	(77)	76	(1)				
-	-	-	-	-				
4.284	3,451,632	4,074,528	(550,686)	3,523,842				
4.284	3,451,632	4,074,528	(550,686)	3,523,842				
1.000	25	5,620	-	5,620				
1.000	25	5,620	-	5,620				
7.000	3,500	2,730,701	(2,730,700)	1				
(7.000)	(3,500)	(2,730,701)	2,730,700	(1)				
-	-	-	-	-				

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
Mandelli Spa (under extraordinary administration)	**Piacenza**			
Balance at 12.31.2011		Eur	10,200,000	0.51
Balance at 12.31.2012		Eur	10,200,000	0.51
Nomisma - Società di studi economici Spa	**Bologna**			
Balance at 12.31.2011		Eur	5,345,328	0.32
Balance at 12.31.2012		Eur	5,345,328	0.32
Orione - Soc. Ind. per Sic. e Vig. Cons. per Azioni	**Turin**			
Balance at 12.31.2011		Eur	120,000	1.00
Balance at 12.31.2012		Eur	120,000	1.00
Pro.Cal Scrl (in bankruptcy)	**Naples**			
Balance at 12.31.2011		Lit	500,000,000	-
Balance at 12.31.2012		Lit	500,000,000	-
Prometeo Spa	**Osimo (AN)**			
Balance at 12.31.2011		Eur	2,292,436	1.00
Balance at 12.31.2012		Eur	2,292,436	1.00
RCS Mediagroup Spa	**Milan**			
Balance at 12.31.2011:				
- common shares		Eur	732,669,457	1.00
- savings shares		Eur	29,349,593	1.00
		Eur	762,019,050	1.00
Mark to market:				
- common shares		Eur	-	-
- savings shares		Eur	-	-
		Eur	-	-
Balance at 12.31.2012:				
- common shares		Eur	732,669,457	1.00
- savings shares		Eur	29,349,593	1.00
		Eur	762,019,050	1.00
Reggente Spa	**Lucera (FG)**			
Balance at 12.31.2011		Eur	260,000	0.52
Balance at 12.31.2012		Eur	260,000	0.52
Sirio - Sicurezza Industriale Scpa - Sirio Scpa	**Turin**			
Balance at 12.31.2011		Eur	120,000	1.00
Balance at 12.31.2012		Eur	120,000	1.00
Sistema Permanente di Servizi Spa (in bankruptcy)	**Rome**			
Balance at 12.31.2011		Eur	154,950	51.65
Balance at 12.31.2012		Eur	154,950	51.65
Terminale GNL Adriatico Srl	**Milan**			
Balance at 12.31.2011		Eur	200,000,000	-
Reimbursement of advance on future capital contributions		Eur	-	-
Balance at 12.31.2012		Eur	200,000,000	-
Total B. Equity investments held for sale				

(1) Amounts in euros.

% interest held in share capital	No. of shares or face value of capital interests held	Cost (1)	Revaluations (Writedowns)	Net carrying value (1)	Sharehold. equity in last fin. statements	Pro-rata interest in sharehold. equity	Net profit in last fin. statements	Pro-rata interest in net profit
0.000	11	13	(12)	1				
0.000	11	13	(12)	1				
1.566	320,000	479,473	(372,000)	107,473				
1.566	320,000	479,473	(372,000)	107,473				
0.218	261	261	-	261				
0.218	261	261	-	261				
4.348	21,739,000	11,228	(11,227)	1				
4.348	21,739,000	11,228	(11,227)	1				
17.760	407,136	451,289	-	451,289				
17.760	407,136	451,289	-	451,289				
1.065	7,801,918	31,163,484	(25,889,388)	5,274,096				
-	-	-	-	-				
1.024	7,801,918	31,163,484	(25,889,388)	5,274,096				
-	-	-	4,517,311	4,517,311				
-	-	-	-	-				
-	-	-	4,517,311	4,517,311				
1.065	7,801,918	31,163,484	(21,372,077)	9,791,407				
-	-	-	-	-				
1.024	7,801,918	31,163,484	(21,372,077)	9,791,407				
5.209	26,043	13,450	-	13,450				
5.209	26,043	13,450	-	13,450				
0.259	311,00	27	-	27				
0.259	311,00	27	-	27				
12.600	378	1	-	1				
12.600	378	1	-	1				
7.237	14,594,000	193,694,838	(6,174,950)	187,519,888				
-	-	(8,391,550)	-	(8,391,550)				
7.237	14,594,000	185,303,288	(6,174,950)	179,128,338				
		222,347,595	**(28,481,118)**	**193,866,477**				

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

CHF Swiss franc EUR euro NLG Dutch guilder PTE Portuguese escudo BRL Brazilian real GBP British pound EGP Egyptian pound

LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital		
		Currency	Amount	Par value per share
C. Equity Investments Held for Trading				
Acegas - APS Spa	**Trieste**			
Balance at 12.31.2011		Eur	283,690,763	5.16
Mark to market		Eur	-	-
Balance at 12.31.2012		Eur	283,690,763	5.16
ACSM - AGAM Spa	**Monza**			
Balance at 12.31.2011		Eur	76,619,105	1.00
Mark to market		Eur	-	-
Balance at 12.31.2012		Eur	76,619,105	1.00
American Superconductor Corp.	**Devens (United States)**			
Balance at 12.31.2011		Usd	508,687	0.01
Share capital increase		Usd	36,508	-
Mark to market		Usd	-	-
Balance at 12.31.2011		Usd	545,195	0.01
Total C. Equity investments held for trading				

% interest held	No. of shares or capital interests held	Cost	Mark to market	Net carrying value
1.295	712,000	7,466,306	(5,132,370)	2,333,936
-	-	-	1,436,104	1,436,104
1.295	712,000	7,466,306	(3,696,266)	3,770,040
1.942	1,488,000	5,360,000	(4,391,312)	968,688
-	-	-	(53,568)	(53,568)
1.942	1,488,000	5,360,000	(4,444,880)	915,120
0.315	160,000	4,975,111	(4,518,816)	456,295
-	-	-	-	-
-	-	-	(138,575)	(138,575)
0.293	160,000	4,975,111	(4,657,391)	317,720
		17,801,417	**(12,798,537)**	**5,002,880**

The currency codes used in this report are those of the ISO 4217 International Standard.
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CERTIFICATION OF THE STATUTORY 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," 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 Statutory Financial Statements for the period from January 1, 2012 to December 31, 2012:

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

2. We further certify that:

   2.1. the Statutory Financial Statements:

   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 accounting records and other corporate documents;
   c) provide a truthful and fair presentation of the balance sheet, income statement and financial position of the issuer;

   2.2. the Report on Operations includes a reliable analysis of the Group performance and results from operations and of the position of the issuer and of all of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Milan, February 8, 2013

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

REPORT OF THE INDEPENDENT AUDITORS

The Rospo platform in the Adriatic sea.

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AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
EDISON S.p.A.

1. We have audited the separate financial statements of Edison S.p.A. (the "Company"), which comprise the income statement, the other components of the comprehensive income statement, the balance sheet, the cash flow statement, the statement of changes in shareholders' equity as of December 31, 2012 and the related notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   The separate financial statements present for comparative purposes prior year data. As explained in the notes to the financial statements, the Directors have reclassified certain comparative data related to the prior year's separate financial statements with respect to the data previously reported and audited by us, on which we issued auditors' report dated March 9, 2012.These reclassifications of comparative data and related disclosures included in the notes to the separate financial statements have been audited by us for the purpose of expressing our opinion on the separate financial statements as of December 31, 2012.

3. In our opinion, the separate financial statements give a true and fair view of the financial position of Edison S.p.A. as of December 31, 2012, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

4. The Directors of Edison S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and on the Company's ownership structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the report on corporate governance and on the Company's ownership structure, with the separate financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the report on corporate governance and on the Company's ownership structure are consistent with the separate financial statements of Edison S.p.A. as of December 31, 2012.

DELOITTE & TOUCHE S.p.A.

Signed by
Piergiulio Bizioli
Partner

Milan, Italy
February 14, 2013

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

This document is also available on the
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