2013 ANNUAL REPORT

SEPARATE FINANCIAL STATEMENTS

EDISON 130 YEARS

CONTENTS

2013 ANNUAL REPORT

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

2013 ANNUAL REPORT

SEPARATE FINANCIAL STATEMENTS

Income Statement

(in euros)	See Note	2013		2012 (*)	
			amount with related parties		amount with related parties
Sales revenues	1	5,601,004,509	2,341,211,899	6,432,738,662	2,772,958,486
Other revenues and income	2	642,059,117	79,735,570	712,277,345	33,305,040
Total revenues		**6,243,063,626**		**7,145,016,007**	
Raw materials and services used (-)	3	(6,044,673,551)	(100,129,832)	(6,675,375,419)	(109,907,354)
Labor costs (-)	4	(138,045,377)		(134,420,313)	
EBITDA	5	**60,344,698**		**335,220,275**	
Net change in fair value of derivatives (commodities and foreign exchange) (+/-)	6	(17,128,815)		25,549,811	
Depreciation, amortization and writedowns (-)	7	(220,278,324)		(469,684,078)	
EBIT		**(177,062,441)**		**(108,913,992)**	
Net financial income (expense)	8	(37,507,040)	30,234,153	(54,015,558)	65,673,959
Income from (Expense on) equity investments	9	227,211,231	201,805,829	107,705,353	106,315,653
Other income (expense), net	10	(403,394)		(33,475,762)	
Profit (Loss) before taxes		**12,238,356**		**(88,699,959)**	
Income taxes	11	65,376,413		63,492,132	
Profit (Loss) from continuing operations		**77,614,769**		**(25,207,827)**	
Profit (Loss) from discontinued operation	12	-		80,776,637	
Profit (Loss) for the period		**77,614,769**		**55,568,810**	

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

Other Components of the Comprehensive Income Statement

(in euros)	See Note	2013	2012 (*)
Profit (Loss) for the year		**77,614,769**	**55,568,810**
Other components of comprehensive income:			
A) Change in the cash flow hedge reserve	**24**	**(1,937,401)**	**2,636,302**
- Gains (Losses) from valuations for the period		1,293,051	2,752,155
- Income taxes (+/-)		(3,230,452)	(115,853)
B) Change in reserves for available-for-sale investments	**24**	**(4,440,311)**	**4,440,311**
- Unrealized gains (losses) on securities or equity investments		(4,517,311)	4,517,311
- Income taxes (+/-)		77,000	(77,000)
C) Actuarial gains (losses) (*) (**)		**(872,410)**	**417,608**
- Actuarial gains (losses)		(872,410)	417,608
Total other components of comprehensive income net of taxes (A+B+C)		**(7,250,122)**	**7,494,221**
Total comprehensive profit (loss)		**70,364,647**	**63,063,031**

(*) The amounts for 2012 reflect the adoption IAS 19 Revised.
(**) These amounts can not be reclassified into Profit and loss

Balance Sheet

(in euros)	See Note	12.31.2013	amount with related parties	12.31.2012 (*)	amount with related parties
ASSETS					
Property, plant and equipment	13	2,625,980,739		2,733,172,277	
Investment property	14	6,023,909		9,437,875	
Goodwill	15	2,407,570,046		2,407,570,046	
Hydrocarbon concessions	16	123,267,672		137,235,384	
Other intangible assets	17	6,840,424		18,757,933	
Investments in associates	18	1,383,546,388	1,383,546,388	1,317,025,151	1,317,025,151
Available-for-sale investments	18	182,860,861		193,866,477	
Other financial assets	19	11,451,390	-	7,113,007	7,113,007
Deferred-tax assets	20	-		-	
Other assets	21	176,634,965		96,080,947	
Total non-current assets		**6.924,176,394**		**6,920,259,097**	
Inventories		347,451,700		305,605,800	
Trade receivables		1,121,894,266	565,492,539	1,290,214,971	438,593,878
Current tax assets		15,355,227		11,704,941	
Other receivables		497,156,150	156,267,828	341,890,044	118,632,308
Current financial assets		2,704,559,572	2,638,475,226	2,683,100,867	2,588,399,560
Cash and cash equivalents		318,528,764	214,693,444	633,039,145	
Total current assets	22	**5,004,945,679**		**5,265,555,768**	
Assets held for sale	23	**-**		**-**	
Total assets		**11,929,122,073**		**12,185,814,865**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital		5,291,700,671		5,291,700,671	
Statutory reserve		128,090,153		125,290,832	
Other reserves and retained earnings (Loss carryforward)		509,303,884		473,057,622	
Reserves for other components of comprehensive income		(7,209,843)		40,279	
Profit (Loss) for the year		77,614,769		55,568,810	
Total shareholders' equity	24	**5,999,499,634**		**5,945,658,214**	
Provision for employee severance indemnities and provisions for pensions	25	24,400,008		24,470,550	
Provision for deferred taxes	26	12,839,295		13,448,903	
Provision for risks and charges	27	754,012,005	829,399	746,718,926	
Bonds	28	1,097,667,397		1,795,634,544	
Long-term financial debt and other financial liabilities	29	950,540,212	795,496,942	119,232,481	
Other liabilities	30	-		23,175,667	
Total non-current liabilities		**2,839,458,917**		**2,722,681,071**	
Bonds		772,190,955		103,725,734	
Short-term financial debt		949,100,471	781,929,788	1,922,775,637	682,635,789
Trade payables		978,174,778	26,169,352	1,110,180,568	82,412,534
Current taxes payable		-		4,904,642	
Other liabilities		390,697,318	10,852,363	375,888,999	6,739,453
Total current liabilities	31	**3,090,163,522**		**3,517,475,580**	
Liabilities held for sale	32	-		-	
Total liabilities and shareholders' equity		**11,929,122,073**		**12,185,814,865**	

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

Cash Flow Statement

The table below analyzes the **cash flow** as it applies to short-term liquid assets (i.e., due within 3 months), which amounted to 318,529,000 euros, compared with (633,039,000 euros) in 2012.

(in euros)	See Note	12.31.2013	amount with related parties	12.31.2012 (*)	amount with related parties
Result before taxes of Edison Spa		**12,238,356**		**(88,699,959)**	
Amortization, depreciation and writedowns	7	220,278,324		469,684,078	
Net additions to provisions for risks		(17,251,806)		88,644,820	
(Gains) Losses on the sale of non-current assets		(23,133,529)		2,444,080	
(Revaluations) Writedowns of non-current financial assets		60,974,435	59,157,078	52,913,952	52,396,809
Change in the provision for employee severance indemnities	25	(70,542)		(592,289)	
Change in fair value recognized in EBIT		(17,128,815)		(25,549,811)	
Change in operating working capital		(5,530,985)	(182,141,843)	226,337,354	152,736,664
Net financial (income) expense	8	44,774,174	(33,329,300)	42,195,547	(64,642,677)
Financial income collected		82,060,192	62,118,620	95,293,087	83,610,916
Financial (expense) paid		(111,065,828)	(25,487,263)	(108,813,568)	(8,461,988)
Income taxes paid		(19,829,211)		(203,751)	
Change in other operating assets and liabilities		(128,741,525)	(33,522,610)	(10,796,669)	(49,539,569)
Change in other operating assets and liabilities from extraordinary transactions		-		(2,015,620)	
A. Cash from (used in) operating activities of continuing operations		**97,573,240**		**740,841,251**	
Additions to intangibles and property, plant and equipment (-)	13-17	(90,193,001)		(100,013,196)	
Additions to non-current financial assets (-)		(124,862,575)	(124,862,575)	(91,713,753)	(91,713,753)
Proceeds from the sale of intangibles and property, plant and equipment		5,453,278		3,906,141	
Proceeds from the sale of non-current financial assets		-	-	683,748,900	683,748,900
Capital distributions from non-current equity investments		7,369,970		8,391,550	
Change in other current financial assets		(21,458,705)	(50,075,666)	169,540,141	207,413,994
B. Cash from (used in) in investing activities		**(223,691,033)**		**673,859,783**	
Proceeds from new medium-term and long-term loans	29, 30, 32	1,800,073,419	1,350,000,000	600,000,000	
Redemptions of medium-term and long-term loans (-)	29, 30, 32	(2,067,873,058)	(550,000,000)	(1,304,124,774)	
Capital contributions provided by controlling companies or minority shareholders		-		-	
Dividends approved to controlling companies or minority shareholders (-)		(16,523,227)		-	
Other net changes in financial debt		95,930,278	(99,294,999)	(275,981,263)	210,710,009
C. Cash from (used in) financing activities		**(188,392,588)**		**(980,106,037)**	
D. Net change in cash and cash equivalents (A+B+C)		**(314,510,381)**		**434,594,997**	
E. Cash and cash equivalents at the beginning of the period		**633,039,145**		**198,444,148**	
F. Net cash and cash equivalents from discontinued operations		**-**		**-**	
G. Cash and cash equivalents at the end of the period (D+E+F)		**318,528,764**	**214,693,444**	**633,039,145**	**-**
H. Total cash and cash equivalents at the end of the period (G)		**318,528,764**		**633,039,145**	
I. (-) Cash and cash equivalents from discontinued operations		**-**		**-**	
L. Cash and cash equivalents from continuing operations (H-I)		**318,528,764**		**633,039,145**	

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

Statement of Changes in Shareholders’ Equity

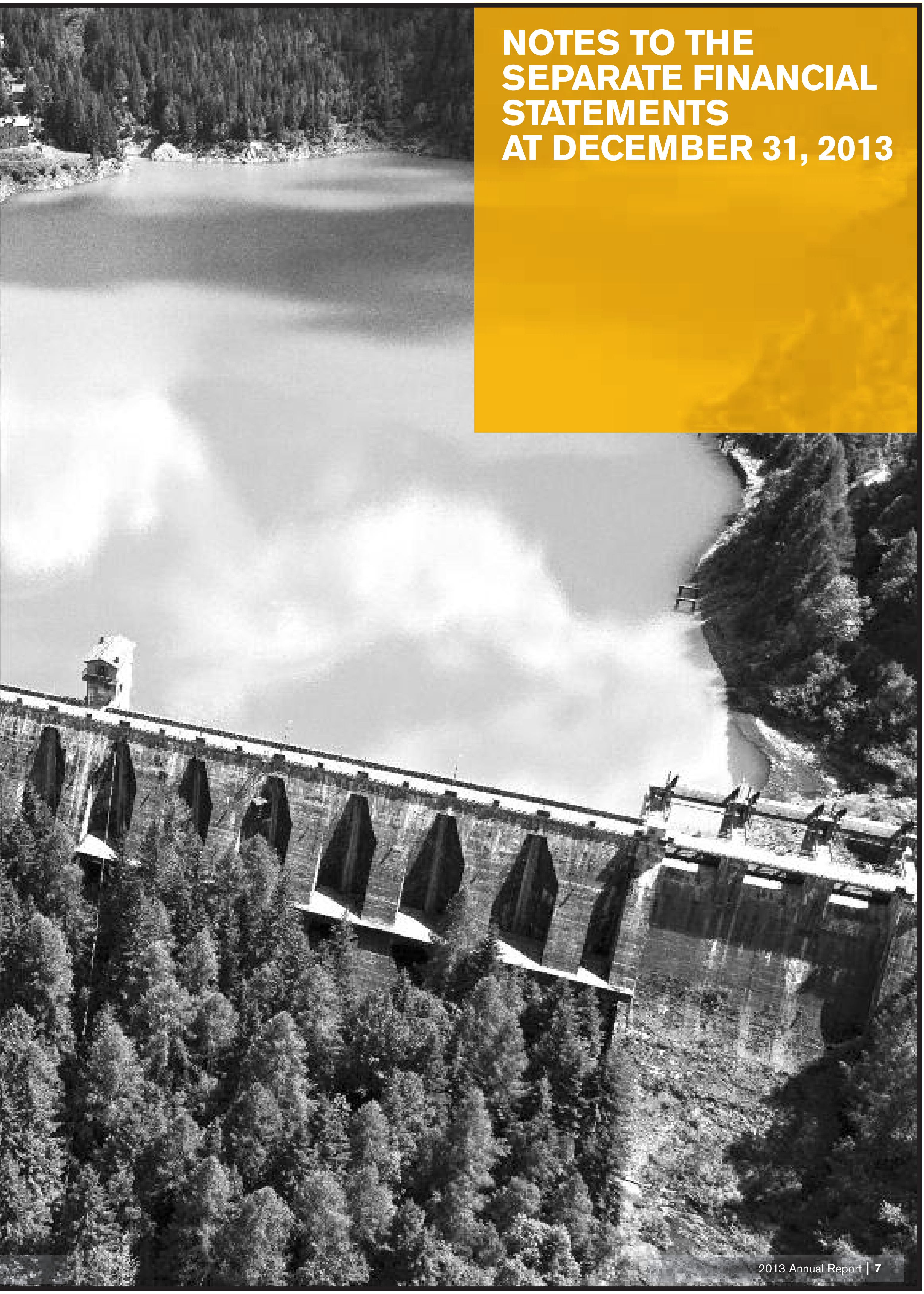
(in euros)

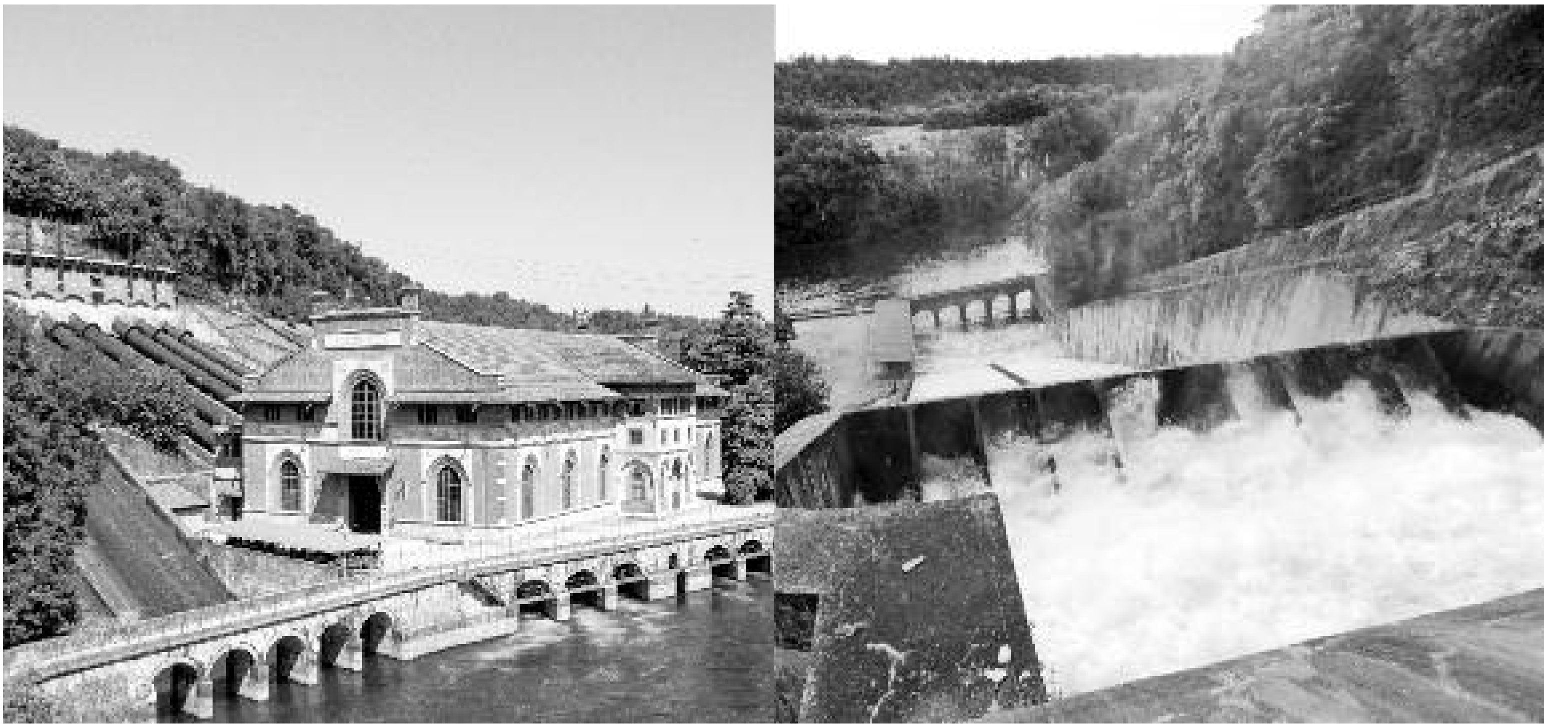
	Share capital	Statutory reserve	Other reserves and retained earnings	Reserve for other components of comprehensive income: Cash flow hedge reserve	Reserve for other components of comprehensive income: Reserve for available for-sale investments	Reserve for other components of comprehensive income: Actuarial gains (losses)(*)	Profit (Loss) for the period	Total shareholders' equity
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**	**417,608**	**55,568,810**	**63,063,031**
broken down as follows:								
Change in comprehensive result for the year	-	-	-	2,636,302	4,440,311	417,608	-	7,494,221
Net result for 2012	-	-	-	-	-	-	55,568,810	55,568,810
Balance at December 31, 2012 (*)	**5,291,700,671**	**125,290,832**	**473,057,622**	**(4,817,640)**	**4,440,311**	**417,608**	**55,568,810**	**5,945,658,214**
Allocation of the 2012 result	-	2,799,321	36,663,870	-	-	-	(39,463,191)	-
Actuarial gains and losses (*)	-	-	(417,608)	-	-	-	417,608	-
Dividend distribution	-	-	-	-	-	-	(16,523,227)	(16,523,227)
Total net comprehensive result for 2013	**-**	**-**	**-**	**(1,937,401)**	**(4,440,311)**	**(872,410)**	**77,614,769**	**70,364,647**
broken down as follows:								
Change in comprehensive result for the year	-	-	-	(1,937,401)	(4,440,311)	(872,410)	-	(7,250,122)
Net result for 2013	-	-	-	-	-	-	77,614,769	77,614,769
Balance at December 31, 2013	**5,291,700,671**	**128,090,153**	**509,303,884**	**(6,755,041)**	**-**	**(454,802)**	**77,614,769**	**5,999,499,634**

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

The Scais Dam of the Vedello hydroelectric power plant in Valtellina.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AT DECEMBER 31, 2013





The Robbiate power plant,
commissioned in 1914,
is an outstanding example
of industrial architecture.

ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

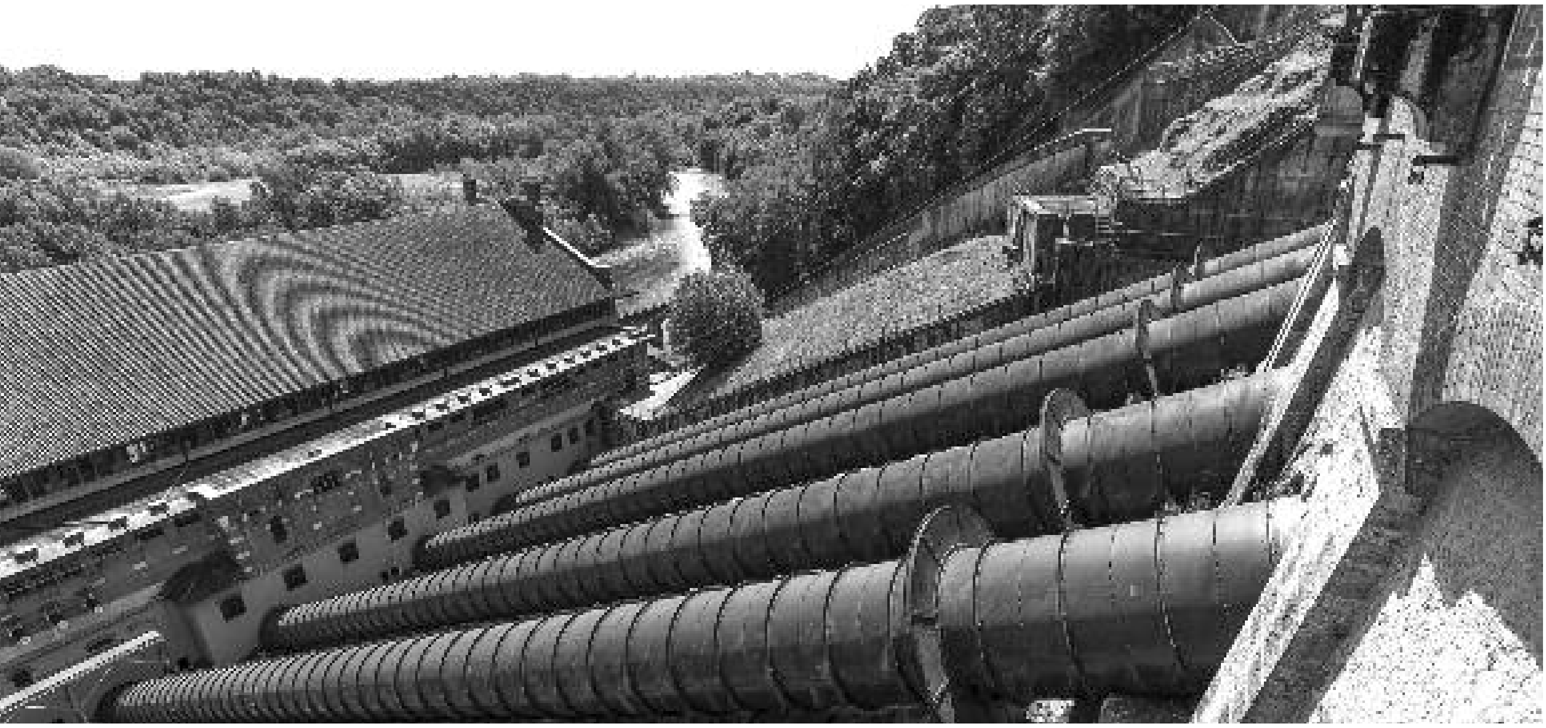
Content and Presentation

Dear Shareholders:

We submit for your approval the separate financial statements of Edison Spa at December 31, 2013, 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 the following amendments to principles and interpretations are applicable as of January 1, 2013:

- **IAS 19** revised **"Employee Benefits."** The revised IAS 19 requires a different classification for actuarial gains and losses, which previously were recognized directly in profit or loss and must now be classified into "Other components of comprehensive income" and a special equity reserve. Because this principle revision is applicable retroactively, the data for the previous period were restated, starting from January 1, with a negative impact of 418,000 euros.
- **IFRS 13 "Fair Value measurement."** The purpose of this new standard is to provides a single systematic reference framework for measuring fair value, updating the entire corpus of preexisting principles and interpretations concerning the measurement and disclosure of fair value. This principle, which is applicable prospective with no need to restate comparative data, did not have a significant impact, as it concerns mainly the valuation of financial instruments.
- **IFRS 7** revised **"Financial Instruments: Disclosures"** and **IAS 32 "Financial Instruments: Presentation."** These two standards introduce, in special cases, new quantitative information about offsetting arrangements and the disclosure of their effects, if any, on the balance sheet.
- **IAS 1** revised **"Presentation of Financial Statements."** This standard was revised to provide a clearer



presentation of the line item "Other components of comprehensive income (OCI)" by showing separately components that later may or may not be reclassified into the Income Statement.

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

Other principles and interpretations applicable as of January 1, 2014: **IFRS 10 Consolidated Financial Statements," IFRS 11 "Joint Arrangements"** (which partially replaces IAS 31), **IFRS 12 "Disclosure of Interest in Other Entities," IAS 27 Revised "Separate Financial Statements"** and **IAS 28 Revised "Investments in Associates and Joint Ventures."**

For the sake of complete information, it is worth mentioning a further amendment to **IAS 32 "Financial Instruments: Presentation"** concerning the criteria for offsetting financial assets and liabilities is applicable starting in 2014.

The Board of Directors, meeting on February 12, 2014, 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

The adoption of IAS 19 *Revised* required a restatement of the 2012 comparable data, with reclassification of net actuarial gains from "Net profit" to "Reserve for other components of comprehensive income," which had an impact of 418,000 euros.

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%	12.2%	0.2%	1.4%	-	2.1%
Plant and machinery	4.0%	13.7%	2.5%	42.6%	9.6%	24.7%
Manufacturing and distribution equipment	5.0%	10.0%	17.5%	35.0%	5.0%	25.0%
Other assets	6.0%	20.0%	6.0%	25.0%	6.0%	20.0%
Investment property	-	-	-	-	1.6%	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.

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 in the section entitled "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 upon transition to the 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 section 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 exploration license. 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 classified 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 classified 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.
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 and used for compliance purposes 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 and charges 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 (compliance) 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 homogeneous groups of assets that generate cash inflows independently, through the continued use of the assets included in each group.

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.

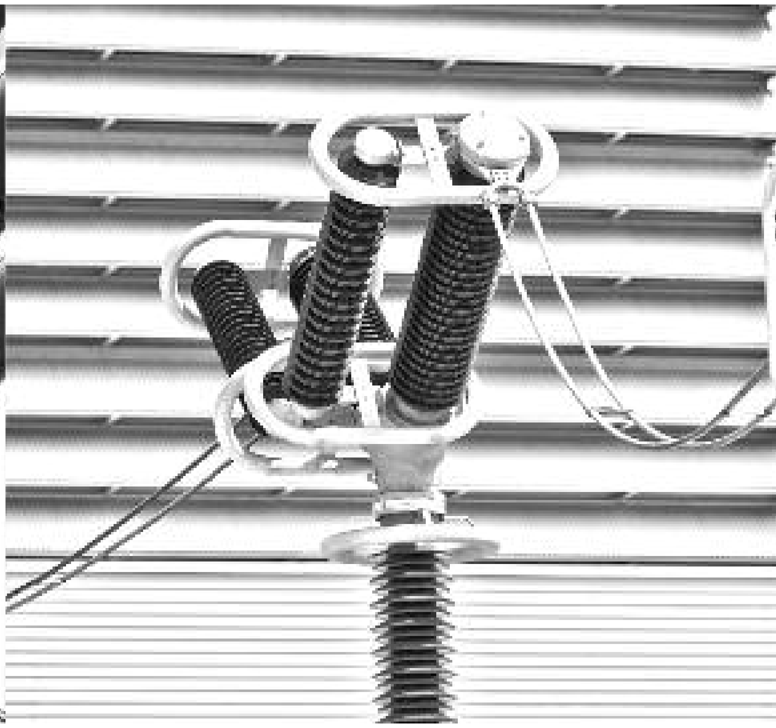
Financial Instruments

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.



The Torviscosa (UD) thermoelectric power plant blends in harmoniously with the local industrial architecture context.

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-term and 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 importer 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" 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 the comprehensive income statement, 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. The full amount of operating grants is recognized in profit or loss when the conditions for recognition can be met. Item that qualify as operating grants include the incentives provided for the production of electric power with facilities that use renewable sources, such as green certificates, which are measured at fair value in accordance with IAS 20. 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 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 of intangible assets (for assets with a finite useful life), depreciation of property, plant and equipment and impairment tests. Information about the impairment test is provided later in the section these Notes entitled "Impairment Test Pursuant to IAS 36 Applied to the Value of Goodwill, Property, Plant and Equipment and Other Intangibles." The valuation of the decommissioning provisions is affected by estimates concerning cost, the rate of inflation and the discount rate, as well as assumptions about payment dynamics. At each financial statement date, these estimates are reviewed in order to ensure that the amounts shown in the financial statements represent the best estimate of the costs that the Company may eventually incur. In the event of material changes the amounts carried in the financial statements are revised.

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

NOTES TO THE INCOME STATEMENT

Operating Performance in 2013

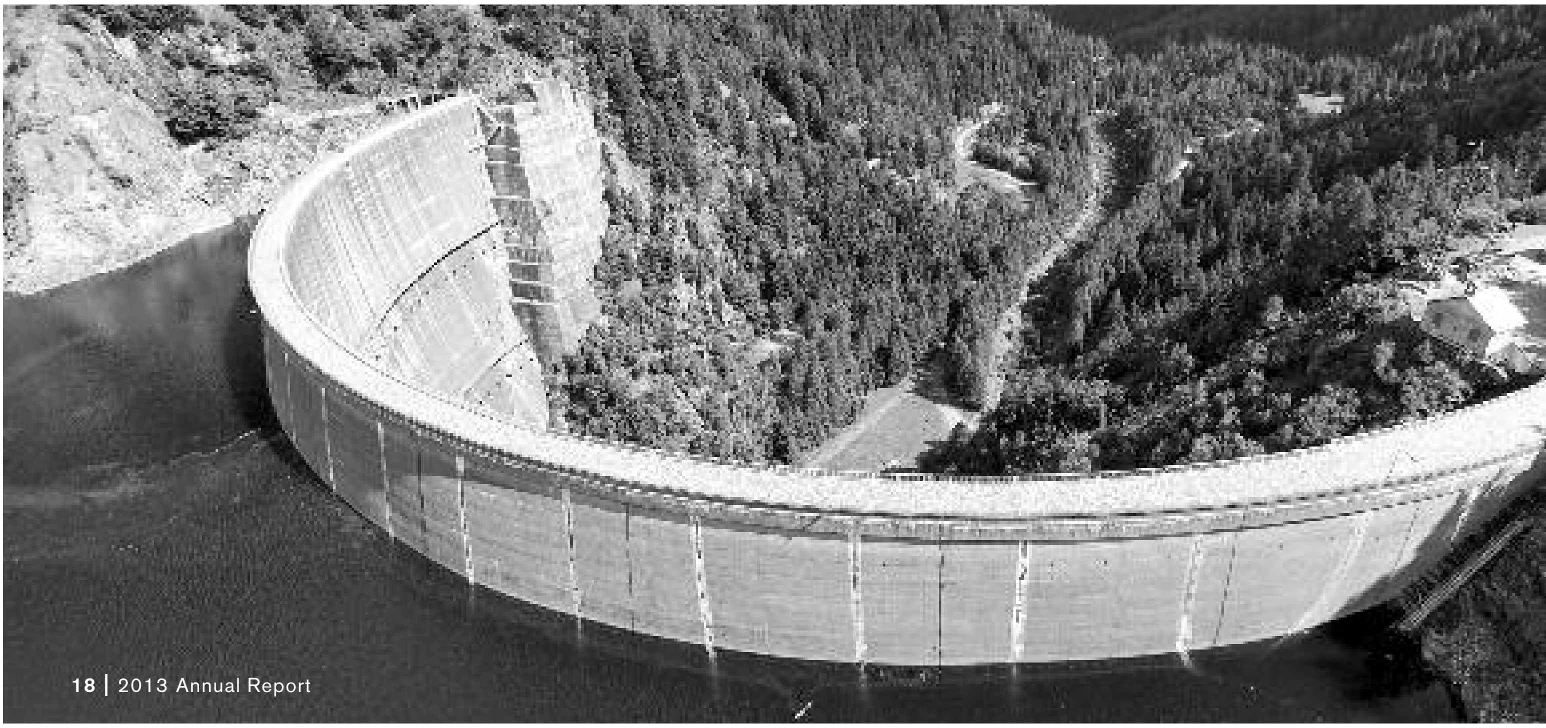
Edison Spa reported a **net profit** of 78 million euros at December 31, 2013, compared with a net profit of 56 million euros in 2012.
The year's result benefited from the revisions of long-term gas procurement contracts resulting from the arbitration concerning the supply of gas from Algeria and the renegotiation of the contract to supply naturals gas from Qatar. On the other hand, the performance in 2013 was adversely affected by a contraction in consumption of electric power and natural gas, which was particularly pronounced for thermoelectric users; this situation, which derives from a deterioration of economic conditions in Italy, compounded the negative effects of the "gas bubble" and excess production capacity in the electric power market, producing a steady pressure on margins. More specifically, the misallignment between the sales price of gas and the price paid under multi-year procurement contracts is continuing in the gas sector.

In 2013, **sales revenues** totaled 5,601 million euros, or about 13% less than the previous year (6,433 million euros).
More in detail, the decline in revenues reported by the **hydrocarbons operations** (-7%) was caused mainly by a reduction in the average sales prices of natural gas, crude oil and fluxing oil, while the shortfall shown by the **electric power operations** (-30%) reflects a decrease in volumes produced, particularly in the thermoelectric area.
EBITDA were positive by 60 million euros (335 million euros in 2012).

Specifically:

- The EBITDA of the **hydrocarbons operations** were positive by 81 million euros (267 million euros in 2012). The 2013 EBITDA include the abovementioned benefit generated by revisions of the long-term contracts to supply natural gas from Algeria and Qatar (discussed in the "Other

The Frera Dam of the Ganda production facility is the first stage of the upper and lower Belviso concession.



Information - Significant Nonrecurring events and Transactions" section of this Report), which offset in part the effect of continuing pressure on margins for activities involving the buying and selling of natural gas. The profitability of the Exploration & Production activities was mainly affected by a reduction in gas production volumes, due to the unexpected depletion of some concessions, and lower prices for crude oil and fluxing oil.

- The EBITDA of the **electric power operations,** which were positive by 90 million euros (176 million euros in 2012), reflect the impact of a decrease in production by the thermoelectric power plants, but benefited from an increase in the output of hydroelectric facilities, made possible by an abundance of water resources in the first half of 2013 and an optimized portfolio management.

EBIT were negative by 177 million euros (negative by 109 million euros in 2012). This amount reflects the net change in fair value of derivatives (commodities and foreign exchange), which was negative by 17 million euros (positive by 26 million euros in 2012), and is after depreciation and amortization of 220 million euros.

In addition to the industrial margin dynamics discussed above, the following factors affected the Company's performance compared with 2012:

- **Net financial expense** decreased to 38 million euros, down from 54 million euros the previous year, thanks to a reduction in average net financial debt and net foreign exchange gains.
- **Net income on equity investments** grew to 227 million euros (108 million euros the previous year). It mainly includes 271 million euros in dividends from investee companies, net of 63 million euros for writedowns of equity investments to adjust the respective carrying amounts.
- **Other expense, net,** which amounted to less than 1million euros (33 million euros in 2012), refers mainly to legal expenses.
- **Income taxes** totaled 65 million euros (63 million euros the previous year), including 59 million euros in current corporate income taxes (IRES) and deferred taxes of 4 million euros.

1. Sales Revenues

Sales revenues totaled 5,601,005,000 euros, or 12.9% less than in 2012 (6,432,739,000 euros). A breakdown by type of the Company's sales revenues, which were earned mainly in Italy, is provided below:

(in thousands of euros)	2013	2012	Change	% change
Revenues from the sale of:				
- Natural gas	4,256,862	4,558,243	(301,381)	(6.6%)
- Electric power	1,021,901	1,517,080	(495,179)	(32.6%)
- Oil	128,242	153,291	(25,049)	(16.3%)
- Steam	68,569	72,786	(4,217)	(5.8%)
- Green certificates and CO_2 emissions rights	68,230	61,654	6,576	10.7%
- Sundry items	3,422	1,437	1,985	n.a.
Revenues from the sale of products	**5,547,226**	**6,364,491**	**(817,265)**	**(12.8%)**
Revenues from services provided	34,380	42,565	(8,185)	(19.2%)
Revenues from power plant maintenance	9,853	11,670	(1,817)	(15.6%)
Transmission revenues	9,335	7,708	1.627	21.1%
Revenues from the provision of services	**53,568**	**61,943**	**(8,375)**	**(13.5%)**
Margin on physical trading activities	**211**	**6,305**	**(6,094)**	**(96.7%)**
Total sales revenues	**5,601,005**	**6,432,739**	**(831,734)**	**(12.9%)**
breakdown by business segment:				
Hydrocarbons operations	4,401,644	4,731,118	(329,474)	(7.0%)
Electric power operations	1,175,588	1,678,390	(502,802)	(30.0%)
Corporate activities	23,773	23,231	542	2.3%
Total sales revenues	**5,601,005**	**6,432,739**	**(831,734)**	**(12.9%)**

An analysis of revenues by business segment is provided below:

- The **hydrocarbon operations** reported sales revenues of 4,401,644,000 euros. The decrease of 7% compared with 2012 derives from a contraction of average sale prices for natural gas, crude oil and fluxing oil and a reduction in the production and sales of natural gas, particularly to thermoelectric users, offset only in part by higher sales to industrial customers.
- In the **electric power operations,** sales revenues decreased to 1,175,588,000 euros, or 30% less than in 2012, due mainly to a decrease in volumes generated.
- 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 642,059,000 euros, for a reduction of 9.9% compared with 2012 (712,277,000 euros). A breakdown of this item is provided below:

(in thousands of euros)	2013	2012	Change	% change
Realized commodity derivatives	191,999	113,413	78,586	69.3%
Recovery of costs from partners in hydrocarbon exploration projects	28,507	27,387	1,120	4.1%
Reversals of allowances for doubtful accounts and sundry provisions for risks	44,720	7,285	37,435	n.s.
Margin on financial trading activities(*)	-	4,341	(4,341)	(100.0%)
Out-of-period income and sundry items	376,833	559,851	(183,018)	(32.7%)
Total	**642,059**	**712,277**	**(70,218)**	**(9.9%)**

(*) The 2013 amount is included in "Raw materials and services used" (See Note 3).

Realized **commodity derivatives,** which should be viewed in conjunction with the corresponding cost included in **Raw materials and services used** (103,367,000 euros) and **Net change in fair value of derivatives (commodities and foreign exchange),** negative by 17,129,000 euros, includes the results of commodity and foreign exchange hedging transactions executed to mitigate the risk of fluctuations in the cost of commodities. This result reflects the effect on the underlying hedged physical items of changes in scenario caused in 2013 by fluctuations in commodity prices in the reference markets. The net positive effect on the underlying hedged physical items is offset by the negative results shown in the items reflecting the results from commodity derivatives.

For a comprehensive presentation of these effects, see the special disclosure provided in the section entitled "Financial Risk Management."

Out-of-period income and sundry items includes, among other things, the portion of the benefits generated by the revision of long-term natural gas contracts applicable to costs incurred in previous years.

3. Raw Materials and Services Used

Raw materials and services used totaled 6,044,674,000 euros, in decrease of about 9.4% compared with the previous year (6,675,375,000 euros). A breakdown is provided below:

(in thousands of euros)	2013	2012	Change	% change
- Natural gas	4,842,380	5,546,455	(704,075)	(12.7%)
- Electric power	8,676	8,974	(298)	(3.3%)
- Blast furnace, recycled and coke furnace gas	26,494	43,175	(16,681)	(38.6%)
- Oil and fuel	1,689	1,572	117	7.4%
- Demineralized industrial water	1,970	5,015	(3,045)	(60.7%)
- Green certificates	38,968	56,573	(17,605)	(31.1%)
- CO_2 emissions rights	21,792	7,836	13,956	n.s.
- Utilities and other materials	71,299	63,352	7,947	12.5%
Raw materials used	**5,013,268**	**5,732,952**	**(719,684)**	**(12.6%)**
- Transmission of natural gas	480,104	447,423	32,681	7.3%
- Realized commodity derivatives	103,367	111,063	(7,696)	(6.9%)
- Regasification fee	106,028	106,352	(324)	(0.3%)
- Facility maintenance	86,480	95,276	(8,796)	(9.2%)
- Professional services	58,298	76,873	(18,575)	(24.2%)
- Insurance services	14,713	15,860	(1,147)	(7.2%)
- Writedowns of trade and other receivables	524	2,161	(1,637)	(75.8%)
- Change in inventories	(41,662)	(146,678)	105,016	(71.6%)
- Additions to provisions for miscellaneous risks	19,561	69,781	(50,220)	(72.0%)
- Use of property not owned	68,548	62,529	6,019	9.6%
- Margin on financial trading activities (*)	737	-	737	n.a.
- Sundry charges	134,708	101,783	32,925	32.3%
Total raw materials and services used	**6,044,674**	**6,675,375**	**(630,701)**	**(9.4%)**
breakdown by business segment:				
Electric power operations	5,613,267	6,194,823	(581,556)	(9.4%)
Hydrocarbons operations	304,918	366,071	(61,153)	(16.7%)
Corporate activities	126,489	114,481	12,008	10.5%
Total raw materials and services used	**6,044,674**	**6,675,375**	**(630,701)**	**(9.4%)**

(*) The 2012 amount is included in "Other revenues and income" (See Note 2).

The reduction in the cost of **natural gas** purchases reflects the impact of the price revisions for the contracts to purchase gas from Algeria and Qatar. This item also includes the negative effects of the

effective portion of derivatives hedging foreign exchange risk on commodities, amounting to 78,235,000 euros (58,531,000 euros in 2012).
As for **CO_2 emissions rights,** please note that 2013 was the first year without free allocations of emissions rights.

Purchases of **green certificates** decreased compared with 2012, due in part to the effect of increased production by hydroelectric power plant.

The higher rates charged and an increase in volumes are the main reasons for the higher **gas transmission costs** compared with the previous year.

As was the case in 2012, the **regasification fee** reflects the charges paid for the regasification of liquefied gas originating from Qatar.

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

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.

(in thousands of euros)	See Note	2013	2012	Change	% change
Margin on trading in physical contracts					
Sales revenues		1,100,931	976,389	124,542	12.8%
Raw materials and services used		(1,100,720)	(970,084)	(130,636)	13.5%
Total included in sales revenues	1	**211**	**6,305**	**(6,094)**	**(96.7%)**
Margin on trading in financial contracts					
Other revenues and income		3,499	3,878	(379)	(9.8%)
Raw materials and services used		(4,236)	463	(4,699)	n.s.
Total included in Other revenues and income/Raw materials and services used	2/3	**(737)**	**4,341**	**(5,078)**	**n.s.**
Total margin on trading activities		**(526)**	**10,646**	**(11,172)**	**n.s.**

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 increased to 138,045,000 euros, compared with 134,420,000 euros in 2012, when the reported amount included the effect of the adoption of IAS 19 revised.
The table below shows the amount of labor costs, the number of employees at the end of the period and the average staff and provides a comparison with the data for 2012:

2013			2012			Change					
Labor costs	Number of employees at end of period	Average number of employees	Labor costs (*)	Number of employees at end of period	Average number of employees	Labor costs	%	Number of employees at end of period	%	Average number of employees	%
138,045	1,552	1,574	134,420	1,587	1,591	3,625	2.6%	(35)	(2.3%)	(17)	(1.1%)

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

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

(number of employees)	01.01.2013	Added to payroll	Removed from payroll	Change of classifica-tion	12.31.2013	Average payroll
Executives	129	4	(9)	2	126	128
Office staff and middle managers	1,260	50	(77)	(2)	1,231	1,250
Production staff	198	1	(4)	-	195	196
Total	**1,587**	**55**	**(90)**	**-**	**1,552**	**1,574**

5.EBITDA

EBITDA totaled 60,345,000 euros, compared with 335,220,000 euros in 2012, when EBITDA included the effect of the adoption of IAS 19 revised. A breakdown by type of business is provided below:

(in thousands of euros)	2013	as a % of sales revenues	2012 (*)	as a % of sales revenues	% change
Hydrocarbons operations	80,751	1.8%	266,773	5.6%	(69.7%)
Electric power operations	89,625	7.6%	176,114	10.5%	(49.1%)
Corporate activities	(110,031)	n.s.	(107,667)	n.s.	2.2%
Total	**60,345**	**1.1%**	**335,220**	**5.2%**	**(82.0%)**

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

The performance of the different business segments is reviewed below:

- The EBITDA of the **hydrocarbons operations** totaled 80,751,000 euros, down from 266,773,000 euros in 2012. The 2013 result includes the positive effect of the arbitration for the long-term procurement contract for Algerian gas and the renegotiation of the supply contract for gas from Qatar. In 2012, EBITDA benefited from the renegotiations of the contracts to supply gas from Qatar and Libya.
  At about 15.1 billion cubic meters, natural gas volumes were substantially in line with those of 2012 (15.6 billion cubic meters). A comparison with the previous year shows an increase in pipeline imports, which offset a reductions in purchases at the Virtual Exchange Facility and lower gas production. On the usage side, the reduction in consumption resulting from lower production by thermoelectric power plants was contrasted mainly by an increase in demand by industrial users.
- The margins generated by the Exploration & Production activities remained positive, but decreased compared with 2012 due, for gas production, to a reduction in volumes caused by the unexpected depletion of some concessions and, for crude oil and fluxing oil, to lower prices and the shutdown of production from a field in the second half of 2013.
- The EBITDA of the **hydrocarbons operations** were also reduced by the effective portion of derivatives hedging foreign exchange risk on commodities, amounting to 78,235,000 euros (58,531,000 euros in 2012).
- The EBITDA of the **electric power operations** were positive by 89,625,000 euros (176,114,000 euros in 2012). Net production of electric power totaled 14 TWh, down from 19 TWh in 2012, due to a decrease in the output of thermoelectric power plants, offset in part by an increase in hydroelectric production.

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

The net change in fair value of derivatives was negative by 17,129,000 euros (positive by 25,550,000 euros in 2012). A breakdown is provided below:

(in thousands of euros)	2013	2012	Change	% change
Change in fair value in hedging the price risk on energy products:	**18,306**	**50,888**	**(32,582)**	**(64.0%)**
- definable as hedges pursuant to IAS 39 (CFH) (*)	78,662	(856)	79,518	n.s.
- not definable as hedges pursuant to IAS 39	(60,356)	51,744	(112,100)	n.s.
Change in fair value in hedging the foreign exchange risk on commodities:	**(35,435)**	**(25,338)**	**(10,097)**	**39.8%**
- definable as hedges pursuant to IAS 39 (CFH) (*)	6,512	132	6,380	n.s.
- not definable as hedges pursuant to IAS 39	(41,947)	(25,470)	(16,477)	64.7%
Total	**(17,129)**	**25,550**	**(42,679)**	**n.s.**

(*) Refers to the ineffective portion.

This line item reflects the change in fair value for the period of derivatives, both for commodities and foreign exchange, executed as economic hedges for the industrial portfolio. It does not include trading transactions.

7. Depreciation, Amortization and Writedowns

Depreciation, amortization and writedowns decreased to 220,278,000 euros, or 249,406,000 euros less than in 2012 (469,684,000 euros). A breakdown is provided in the table below:

(in thousands of euros)	2013	2012	Change	% change
Depreciation of property, plant and equipment	200,814	234,926	(34,112)	(14.5%)
Depreciation of investment property	156	114	42	36.8%
Amortization of hydrocarbon concessions	13,968	20,294	(6.326)	(31.2%)
Amortization of other intangible assets	5,340	6,555	(1,215)	(18.5%)
Total amortization and depreciation	**220,278**	**261,889**	**(41,611)**	**(15.9%)**
Writedown of property, plant and equipment	-	204,796	(204,796)	n.s.
Writedown of intangible assets	-	2,999	(2,999)	n.s.
Total writedowns	**-**	**207,795**	**(207,795)**	**(100.0%)**
Total	**220,278**	**469,684**	**(249,406)**	**(53.1%)**
breakdown by business segment:				
Electric power operations	150,766	386,644	(235,878)	(61.0%)
Hydrocarbons operations	60,858	70,024	(9,166)	(13.1%)
Corporate activities	8,654	13,016	(4,362)	(33.5%)
Total	**220,278**	**469,684**	**(249,406)**	**(53.1%)**

More specifically:

- In the **electric power** segment, depreciation and amortization decreased to 150,766,000 euros, or 235,878,000 euros less than in 2012, due mainly to the extension of some hydroelectric concessions in the second half of 2012 and the effect of the writedowns recognized at December 31, 2012.
- In the **hydrocarbons** segment, depreciation and amortization totaled 60,858,000 euros, for a decrease of 9,166,000 euros compared with the previous year, consistent with the extraction profiles of hydrocarbon deposits. The amortization of exploration costs amounted to 1,235,000 euros.

A detailed analysis of the effects of the Company's impairment test is provided later in these Notes in the disclosure entitled "Impairment Test Pursuant to IAS 36 Applied to the Value of Goodwill, Property, Plant and Equipment and Other Intangibles."

8. Net Financial Income (Expense)

Net financial expense totaled 37,507,000 euros, for a decrease of 16,508,000 euros compared with 2012 (54,015,000 euros), due mainly to the combined effect of a reduction in average net financial debt, resulting from the divestment of Edipower in May 2012, and net foreign exchange gains (net gains of 7,267,000 euros as against net losses of 11,820,000 euros in 2012). Also please note that, during the year, the Company received from EDF Group companies two facilities to refinance a standby syndicated credit line of 1,500 million euros, as explained in "Note 29. Long-term Financial Debt and Other Financial Liabilities," later in this Report.

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

(in thousands of euros)	2013	2012	% change
Financial income			
Financial income from Group companies	64,582	86,673	(22,091)
Financial income from financial derivatives	58,159	82,628	(24,469)
Interest earned on trade receivables	2,722	4,241	(1,519)
Bank interest earned	2,677	1,529	1,148
Other financial income	73	844	(771)
Total financial income	**128,213**	**175,915**	**(47,702)**
Financial expense			
Interest paid on bond issues	(71,447)	(71,020)	(427)
Fair value adjustment on bonds	31,699	(33,244)	64,943
Financial expense on financial derivatives	(57,606)	(49,222)	(8,384)
Financial expense paid to EDF	(22,482)	-	(22,482)
Financial expense on decommissioning projects	(16,192)	(14,894)	(1,298)
Financial expense paid to Group companies	(10,903)	(8,439)	(2,464)
Bank fees paid	(5,253)	(6,600)	1,347
Interest paid to banks	(2,872)	(18,864)	15,992
Other financial expense	(17,931)	(15,827)	(2,104)
Total financial expense	**(172,987)**	**(218,110)**	**45,123**
Net financial income (expense)	**(44,774)**	**(42,195)**	**(2,579)**
Foreign exchange gains (losses)			
Foreign exchange gains	122,747	90,645	32,102
Foreign exchange losses	(115,480)	(102,465)	(13,015)
Net foreign exchange gain (loss)	**7,267**	**(11,820)**	**19,087**
Total net financial income (expense)	**(37,507)**	**(54,015)**	**16,508**

Please note that:

- **Other financial expense** includes 6,448,000 euros in financial charges to update provisions for risks (6,569,000 euros in 2012), 4,835,000 euros in expense for the assignment of receivables without recourse (4,059,000 euros in 2012), 1,148,000 euros in interest paid on the lease for the Leonis ship (1,283,000 euros in 2012) and 943,000 euros in accrued financial expense on employee severance indemnities computed with the method required by IAS 19 (1,071,000 euros in 2012).
- **Foreign exchange gains (losses)** include the effects of derivative transactions executed to hedge foreign exchange risks on commodity purchases, which generated a **net gain** of 8,182,000 euros (**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 227,211,000 euros, for an improvement of 119,506,000 euros compared with 107,705,000 euros the previous year. The table below provides a breakdown of this item:

(in thousands of euros)	2013	2012	Change
Income from equity investments			
Dividends from subsidiaries and affiliated companies			
- Edison Trading	200,000	70,000	130,000
- Edison Energie Speciali	19,332	6,514	12,818
- Edison Stoccaggio	16,200	15,000	1,200
- Termica Milazzo	6,089	10,133	(4,044)
- Edison Energia	4,000	4,000	-
- Edison DG	3,500	-	3,500
- Ibiritermo	3,442	4,697	(1,255)
- Terminale GNL Adriatico	1,962	1,499	463
- Sel Edison	1,958	2,564	(606)
- AMG Gas	1,592	1,488	104
- Termica Cologno	1,053	1,560	(507)
- Infrastrutture Trasporto Gas Spa	1,000	-	1,000
- Hydros	1,000	3,200	(2,200)
- Dolomiti Edison Energy	725	1,063	(338)
- Jesi Energia	-	33,600	(33,600)
- Gever	-	2,217	(2,217)
- Other subsidiaries and affiliated companies	1,071	1,254	(183)
	262,924	**158,789**	**104,135**
Dividends from other companies	**1,833**	**248**	**1,585**
Revaluation of trading securities	**1,764**	**1,436**	**328**
Gains on the sale of equity investments	**23,427**	**146**	**23,281**
Total income from equity investments	**289,948**	**160,619**	**129,329**
Expense on equity investments			
Writedowns of equity investments			
- Edison Energia	(27,000)	-	(27,000)
- Edison International Holding	(16,000)	(18,240)	2,240
- Termica Milazzo	(10,300)	(10,300)	-
- Nuova Alba	(2,895)	(2,556)	(339)
- Jesi Energia	(1,500)	(5,311)	3,811
- Gever	(850)	-	(850)
- Edison International	-	(13,400)	13,400
- Sarmato Energia	-	(1,291)	1,291
- Montedison	-	(1,250)	1,250
- Galsi	(550)	(325)	(225)
- Other companies	(3,515)	(49)	(3,466)
Total writedowns of equity investments	**(62,610)**	**(52,722)**	**(9,888)**
Writedowns of trading securities	**(127)**	**(192)**	**65**
Total expense on equity investments	**(62,737)**	**(52,914)**	**(9,823)**
Income from (Expense on) equity investments, net	**227,211**	**107,705**	**119,506**

More in detail:

- **Revaluation of trading securities** refers to the mark to market of the investment held in HERA and ACSM.
- **Writedowns of equity investments** totaling 62,610,000 euros reflects adjustments made to the carrying amounts of some subsidiaries, the value of which had been impaired, as shown by impairment tests conducted on their assets.
- **Writedowns of trading securities** refers to the mark to market of the interest held in American Superconductors.
- **Gains on the sale of equity investments** includes the recognition of the gain generated in 2008 on the sale of a 51% interest in Dolomiti Edison Energy, following the expiration of exercisable options.

10. Other Income (Expense), Net

Net other expense totaled 403,000 euros in 2013, compared with net other expense of 33,476,000 euros 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 41,309,000 euros, referring mainly to the final cancellation of a penalty imposed on the Company in previous years, as discussed in the section of this Report entitled "Contingent Assets";
- **expense** of 41,713,000 euros, reflecting mainly and addition of 20,000,000 euros to a provision for environmental risks related to non-core activities. Please note that in 2012 a provision for tax risks amounting to 15,200,000 euros was 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.

11. Income Taxes

Income taxes were positive by 65,376,000 euros, compared with a positive balance of 63,492,000 euros the previous year. A breakdown of income taxes and a comparison with 2012 is provided in the table below:

(in thousands of euros)	2013	2012	Change
Current taxes	(59,556)	50,084	(109,640)
Net deferred-tax liabilities (assets)	(3,763)	(110,562)	106,799
Income taxes attributable to previous years	(2,057)	(3,014)	957
Total	**(65,376)**	**(63,492)**	**(1,884)**

Current taxes consist of the benefit arising from the IRES tax losses contributed to the national consolidated tax return filed by WGRM Holding 4 Spa.

Net deferred-tax liabilities (assets) include the recognition of tax assets generated by the portion of the 2013 estimated IRES tax loss attributable to the "Robin Hood Tax" surcharge, amounting to 14,051,000 euros, the utilization of deferred-tax assets on non-deductible provisions, net of the corresponding additions, totaling 11,404,000 euros, and the utilization of deferred taxes recognized upon transition to the IFRSs for the use of fair value as the deemed cost of non-current assets, amounting to 1,827,000 euros.

The table below shows, in relative terms, the composition of the tax rate for 2013 and provides a comparison with the previous year:

(in thousands of euros)	2013		2012	
Result before taxes (*)	**12,238**		**(88.282)**	
Theoretical income taxes	**4,161**	**34,0%**	**(24,278)**	**27.5%**
Non-taxable dividends	(85,556)		(41,597)	
Writedowns (Revaluations) of equity investments	20,732		14,156	
Permanent differences	(3,689)		7,388	
Income taxes applicable to previous years and other differences	(2,057)		(3,013)	
IRAP	-		11,474	
Deferred taxes	1,033		(27,622)	
Total income taxes in the income statement	**(65,376)**	**n.s.**	**(63,492)**	**71.9%**

(*) The 2012 amount does not include the components attributable to the discontinued operations.

The table that follows provides a breakdown of **deferred-tax liabilities and deferred-tax assets** and shows the changes that occurred in 2013:

(in thousands of euros)	12.31.2012	Additions	Utilizations	Reclassif./Other changes	12.31.2013
Provision for deferred taxes:					
Valuation differences of property, plant and equipment	57,637	7,819	(8,899)	-	56,557
Adoption of IAS 17 to value finance leases	26,442	-	(778)	-	25,664
Adoption of IAS 39 to value financial instruments:					
- impact on the income statement	-	-	-	-	-
- impact on shareholders' equity	77	-	(77)	-	-
Other deferred taxes	323	1,245	(263)	-	1,305
	84,479	**9,064**	**(10,017)**	**-**	**83,526**
Offsets	(71,030)	(17,716)	18,059	-	(70,687)
Provision for deferred taxes net of offsets	**13,449**	**(8,652)**	**8,042**	**-**	**12,839**
Deferred-tax assets:					
Tax assets from tax losses	8,020	14,051	-	-	22,071
Taxed provisions for risks	57,571	-	(12,627)	-	44,944
Adoption of IAS 39 to value financial instruments:					
- impact on the income statement	14		(7)	-	7
- impact on shareholders' equity	3,471	240	(3,471)	-	240
Other deferred-tax assets	1,954	3,425	(1,954)	-	3,425
	71,030	**17,716**	**(18,059)**	**-**	**70,687**
Offsets	(71,030)	(17,716)	18,059	-	(70,687)
Deferred-tax assets net of offsets	**-**	**-**	**-**	**-**	**-**

12. Profit (Loss) from Discontinued Operations

This account had a zero balance, as against a profit of 80,776,000 euros in 2012 that reflected the revision of the sales price of the investment held in Edipower.

NOTES TO THE BALANCE SHEET

Assets

13. Property, Plant and Equipment

Property, plant and equipment, which consist of the Company's production assets, totaled 2,625,981,000 euros, or 107,191,000 euros less than the 2,733,172,000 euros reported at December 31, 2012. The table below shows the main changes that occurred in 2013:

(in thousands of euros)	Lands and buildings	Plant and machinery	Manifacturing and distribution equipment	Other assets	Constr. in progress and advances	Total
Balance at 12.31.12 (A)	**396,732**	**2,248,242**	**1,983**	**3,516**	**82,699**	**2,733,172**
Changes in 2013:						
- Additions	773	57,602	405	94	26,868	85,742
- Disposals (-)	(270)	(2,390)	(2)	(13)	-	(2,675)
- Depreciation (-)	(12,017)	(187,116)	(723)	(958)	-	(200,814)
- Revision of decommissioning costs	-	10,500	-	-	-	10,500
- Other changes	146	13,069	158	241	(13,558)	56
Total changes (B)	**(11,368)**	**(108,335)**	**(162)**	**(636)**	**13,310**	**(107,191)**
Balance at 12.31.13 (A+B)	**385,364**	**2,139,907**	**1,821**	**2,880**	**96,009**	**2,625,981**
Breakdown:						
- Historical cost	555,980	4,720,585	9,946	12,588	96,009	5,395,108
- Writedowns (-)	(36,441)	(460,603)	(50)	(72)	-	(497,166)
- Accumulated depreciation (-)	(134,175)	(2,120,075)	(8,075)	(9,636)	-	(2,271,961)
Historical cost	**385,364**	**2,139,907**	**1,821**	**2,880**	**96,009**	**2,625,981**

The total value of these assets reflects **construction in progress and advances** amounting to 96,009,000 euros, which are attributable almost entirely to the **hydrocarbons operation** for the development of some onshore and offshore gas fields in Italy.

The main changes that occurred in 2013 are reviewed below:

- **Additions** of 85,742,000 euros, the largest components of which include the following:
  - 16,572,000 euros for the **electric power operations,** mainly to complete construction of the district heating systems near the Candela power plant;
  - 67,195,000 euros for the **hydrocarbons operations,** mainly consisting of investments to develop the Rospo Mare, Tresauro and Fauzia fields.
- **Depreciation** decreased to 200,814,000 euros or 34,112,000 euros less than the previous year (234,926,000 euros), due mainly to the extension of the concessions for some hydroelectric power plants and the writedowns recognized at December 31, 2012. For a detailed analysis see "Note 7. Depreciation, Amortization and Writedowns."
- **Decommissioning revision** reflects a revision of some projected costs for remediation work at some thermoelectric power plants.

- The net carrying amount of **property, plant and equipment** also includes:
  - **Assets transferable without consideration** valued at 54,318,000 euros (64,760,000 euros at December 31, 2012), 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 12.31.2013	Net carrying amount at 12.31.2012
Buildings and other assets	12,098	(11,289)	809	986
Plant and machinery	297,192	(243,683)	53,509	63,774
Total	**309,290**	**(254,972)**	**54,318**	**64,760**

  - **Assets acquired under finance leases**, which at December 31, 2013 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 12.31.2013	Net carrying amount at 12.31.2012
Plant and machinery	34,224	(5,621)	28,603	29,411
Total	**34,224**	**(5,621)**	**28,603**	**29,411**

The remaining financial debt of 20,804,000 euros is discussed for 17,984,000 euros in "Note 29. Long-term financial debt and other financial liabilities" and for 2,820,000 euros in "Note 31. Current financial debt."

In 2013, no financial expense was capitalized in property, plant and equipment, as required by IAS 32 revised.

Please note that some facilities are encumbered for a total of 49,583,000 euros, mainly to provide collateral for loans received, as discussed in the section of this Report entitled "Commitments, Risks and Contingent Assets."

Please note that the Company is currently engaged in negotiations involving the sale of a thermoelectric facility of relatively small size, which should close in the early months of 2014.

14. Investment Property

The Group's investment property, valued at 6,024,000 euros, consists of land and buildings not used for production purposes. The sale of a real estate complex for commercial use located in the municipality of Mestre is the main reason for decrease of 3,414,000 euros. A breakdown of the changes that occurred in this account is provided below:

(in thousands of euros)	
Balance at 12.31.12 (A)	**9,438**
Changes in 2013:	
- additions	60
- disposals (-)	(3,318)
- Depreciation (-)	(156)
Total changes (B)	**(3,414)**
Balance at 12.31.13 (A+B)	**6,024**
Breakdown:	
- Historical cost	7,737
- Accumulated depreciation (-)	(836)
- Writedowns (-)	(877)
Net carrying amount	**6,024**

15. Goodwill

Goodwill totaled 2,407,570,000 euros, unchanged compared with December 31, 2012. The residual value of goodwill is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments but must be tested for impairment at least once a year, as noted in the disclosure provided later in these Notes entitled "Impairment Test in Accordance with IAS 36 Applied to the Value of Goodwill, Property, Plant and Equipment and Other Intangibles."

16. Hydrocarbon Concessions

Concessions for the production of hydrocarbons, which consist of 47 hydrocarbon production leases in Italy, amounted to 123,268,000 euros. The decrease of 13,967,000 euros compared with December 31, 2012 is the result of the amortization for the period. The table below shows the balance in this account and the changes that occurred in 2013:

(in thousands of euros)

Balance at 12.31.12 (A)	**137,235**
Changes in 2013:	
- Amortization (-)	(13,967)
Total changes (B)	**(13,967)**
Balance at 12.31.13 (A+B)	**123,268**
Breakdown:	
- Historical cost	329,566
- Accumulated amortization (-)	(206,209)
- Writedowns (-)	(89)
Net carrying amount	**123,268**

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	Remaining life to
Hydroelectric concessions	24	1	29
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.

In 2013, Edison's training program
totaled about 99,000 hours
and reached more than 2,000 people.

17. Other Intangible Assets

The balance of 6,840,000 euros includes the following:

- 3,749,000 euros for patents, licenses and similar rights consisting mainly of software licenses;
- 3,091,000 euros for work in progress and advances.

The table that follows shows the changes that occurred in 2013:

(in thousands of euros)

Balance at 12.31.12 (A)	**18,758**
Changes in 2013:	
- Additions	4,390
- Amortization (-)	(5,340)
- Disposals (-)	(10,933)
- Writedowns (-)	-
- Other changes	(35)
Total changes (B)	**(11,918)**
Balance at 12.31.13 (A+B)	**6,840**
Breakdown:	
- Historical cost	103,345
- Accumulated amortization (-)	(95,850)
- Writedowns (-)	(655)
Net carrying amount	**6,840**

Impairment Test Pursuant to IAS 36 Applied to the Value of Goodwill, Property, Plant and Equipment and Other Intangibles

The impairment test applied in accordance with IAS 36 showed no impairment of assets.
Consistent with past practice, the test was carried out with the support of an independent appraiser based on the cash flows used in the 2014-2016 medium-term plan reviewed by the Board of Directors, the 2014 Budget part of which was approved by the Board of Directors on December 13, 2013, and on medium/long-term projections developed by management.

These documents reflect top management's best estimates with regard to the main assumptions concerning the Company's operating activities (macroeconomic and price trends, working hypothesis


for production 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 on February, 12 2014.

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 2013, 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 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 which is of three years, considering cash flows net of future developments (so-called inertial plan), due to the unpredictability of the scenario in general.
The terminal value of both operations was estimated based on an operating cash flow, duly normalized to reflect regular operating conditions and considering a nominal annual growth rate between zero and 2%.
The recoverable value was estimated using the financial method. It was obtained using simulations for different variables-the most significant and sensitive to the value being: the valuation assumptions for the capacity payment of the Electric Power Operations, 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).

Consistent with the cash flows described above, the discount rates applied were estimated by determining the weighted average cost of capital.

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 result, no writedown was necessary. In the case of the Electric Power Operations, conservative sensitivity analyses were also performed regarding the capacity payment: in the worst-vase scenario, with zero capacity payment, the impact on the value of these operations would be the 2% of their carrying amount.

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. These assets are used primarily for the production activities of the Electric Power and Hydrocarbons Operations.

The assets were aggregated in CGUs based on the following 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 captive."

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 time horizons equal to the useful lives of its assets: the cash flows used until 2016 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.
Moreover, additional sensitivity and other analyses were performed and, specifically regarding the merchant Thermoelectric CGU, simulations were carried out based on different valuation assumptions for the Capacity Payment, the regulatory change of which is reflected in long-term projections.

The impairment test carried out with the process described above showed no reductions in recoverable value compared with the carrying amount.

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

The balance of 1,566,407,000 euros includes the following:
- **Investments in associates** of 1,383,546,000 euros, consisting of investments in subsidiaries totaling 1,311,263,000 euros and investments in joint ventures and affiliated companies amounting to 72,283,000 euros;
- **Available-for-sale investments** valued at 182,861,000 euros, which include 171,758,000 euros for a 7.297% equity interest in Terminale GNL, which is the company that owns the offshore regasification terminal near Porto Viro, and 6,179,000 euros for the investment in RCS Mediagroup Spa.

The table that follows shows the main changes that occurred in 2013:

(in thousands of euros)	Equity investments	Available-for-sale investments	Total
Balance at 12.31.12 (A)	**1,317,026**	**193,866**	**1,510,892**
Changes in 2013:			
- Changes in share capital and reserves	124,826	(3,034)	121,792
- Coverage of losses	36	-	36
- Writedowns recognized in P&L (-)	(58,328)	(3,454)	(61,782)
- Other changes	(14)	(4,517)	(4,531)
Total changes (B)	**66,520**	**(11,005)**	**55,515**
Balance at 12.31.13 (A+B)	**1,383,546**	**182,861**	**1,566,407**
Breakdown:			
- Historical cost	1,829,243	192,948	2,022,191
- Writedowns (-)	(445,697)	(10,087)	(455,784)
Net carrying amount	**1,383,546**	**182,861**	**1,566,407**

The main changes are reviewed below:

- **Changes in share capital and reserves** refers mainly to advances on capital contribution provided to the subsidiaries Edison Stoccaggio Spa (84,400,000 euros) and Edison Energia (40,000,000 euros) and to the affiliated company Galsi Spa (416,000 euros), and to 36,000 euros used to cover losses incurred by the Presenzano Energia subsidiary, net of a distribution of reserves by Terminale GNL Adriatico amounting to 7,370,000 euros.
- **Writedowns recognized in profit or loss** reflects adjustments of the carrying values of some equity investments, as described in "Note 9. Income from (Expense on) Equity Investments."

A detailed list of the equity investments held at December 31, 2013 and the changes that occurred during the year is provided in the schedule entitled "List of Equity Investments" annexed to these Separate Financial Statements.

19. Other Financial Assets

The net carrying amount of 11,451,000 euros represents loans receivable due in more than one year.

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 176,635,000 euros, or 80,554,000 euros more than at December 31, 2012 (96,081,000 euros). They include the following:

- 165,905,000 euros (85,418,000 euros at the end of 2012) for advances paid under long-term natural gas procurement contracts, corresponding to natural gas volumes that Edison was required to pay for, even though it was unable to take delivery, due to the activation of the take-or-pay clause. The Company expects to make up these volumes over the remaining lives of the contracts.
  It is worth mentioning that during 2013 the Company exercised the make-up capacity option in connection with take-or-pay clauses of contracts to supply natural gas from Algeria and Libya for a total amount of 1,029 million of standard cubic meter of gas, equal to about 310,143,000 euros.
- 8,037,000 euros (8,065,000 euros at the end of 2012) for income tax refunds receivable and accrued interest at December 31, 2013.
- 2,678,000 euros (2,593,000 euros at the end of 2012) security deposits.

22. Current Assets

(in thousands of euros)	12.31.2013	12.31.2012	Change
Inventories	347,452	305,606	41,846
Trade receivables	1,121,894	1.290,215	(168,321)
Current-tax assets	15,355	11,705	3,650
Other receivables	497,156	341,890	155,266
Current financial assets	2.704,560	2,683,101	21,459
Cash and cash equivalents	318,529	633,039	(314,510)
Total	**5,004,946**	**5,265,556**	**(260,610)**

A review of the individual components and a comparison with the corresponding items at December 31, 2012 is provided below:

- **Inventories,** which when necessary are aligned to their estimated realizable value, increased to 347,452,000 euros, due mainly to a change in the inventory of stored natural gas (+39,917,000 euros). Inventories consist mainly of stored hydrocarbon products (329,826,000 euros, 286,759,000 euros at the end of 2012) and supplies and equipment used to maintain and operate the Company's production facilities (17,437,000 euros, 18,700,000 euros at the end of 2012). Inventories also include, for 19,050,000 euros (55,233,000 euros at the end of 2012), restricted quantities of stored natural gas reserved for use as a strategic reserve and to secure the balancing system.

- **Trade receivables** totaled 1,121,894,000 euros. A breakdown by business segment is provided below:

(in thousands of euros)	12.31.2013	12.31.2012	Change
Hydrocarbons operations	875,896	943,550	(67,654)
Electric power operations	245,998	346,665	(100,667)
Total	**1.121,894**	**1.290,215**	**(168,321)**
Broken down as follows:			
- amount owed by outside customers	615,783	852,494	(236,711)
- amount owed by subsidiaries and affiliated companies	506,111	437,721	68,390
Total	**1,121,894**	**1,290,215**	**(168,321)**

They originate mainly from contracts to supply electric power, steam and natural gas and reflect, for 13,254,000 euros (21,636,000 euros at the end of 2012), 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 with such transactions. The total value of the assigned receivables amounted to 1,902 million euros (2,148 million euros at December 31, 2012) and there were no receivables exposed to the risk of recourse at December 31, 2013.

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

(in thousands of euros)	12.31.2013	12.31.2012	Change
Subsidiaries			
Edison Energia	311,921	183,831	128,090
Edison Trading	168,043	231,246	(63,203)
Termica Milazzo	9,153	6,238	2,915
Edison Stoccaggio	8,772	5,092	3,680
AMG Gas	7,565	6,895	670
Edison International	327	788	(461)
Termica Cologno	216	2,786	(2,570)
Jesi Energia	-	546	(546)
Other companies	50	172	(122)
Total subsidiaries (A)	**506,047**	**437,594**	**68,453**
Joint ventures and affiliated companies			
Sel Edison	64	127	(63)
Total joint ventures and affiliated companies (B)	**64**	**127**	**(63)**
Total (A+B)	**506,111**	**437,721**	**68,390**

Trade receivables are shown net of an allowance for doubtful accounts of 23,548,000 euros. The table below shows the changes that occurred in this allowance in 2013 in the different business operations:

(in thousands of euros)	Balance at 12.31.2012	Utilizations	Additions	Balance at 12.31.2013
Electric power operations	11,672	(2,966)	154	8,860
Hydrocarbons operations	3,840	(2,697)	2,695	3,838
Corporate activities	10,884	(34)	-	10,850
Total	**26,396**	**(5,697)**	**2,849**	**23,548**

- **Current-tax assets** totaled 15,355,000 euros. This amount includes 10,959,000 euros receivable from the revenue administration for the Robin Hood corporate income tax surcharge accrued in previous years and 4,396,000 euros receivable from the revenue administration for estimated regional tax (IRAP) payments.
- **Other receivables,** which increased to 497,156,000 euros, or 155,266,000 euros more than at December 31, 2012 (341,890,000 euros), are shown net of an allowance for doubtful accounts of 15,634,000 euros. A breakdown of this account is provided below:

(in thousands of euros)	12.31.2013	12.31.2012	Change
Valuation of derivatives	249,444	180,706	68,738
Receivable from WGRM for the consolidated income tax return	71,957	20,417	51,540
Provision of technical, admin. and financial services to Group companies	46,066	27,036	19,030
Amounts owed by partners and assoc. in hydrocarbon exploration projects	23,260	40,156	(16,896)
VAT credits in pools with subsidiaries	18,563	12,169	6,394
VAT receivable from the tax administration	16,509	-	16,509
Dividends receivable from subsidiaries	10,260	18,831	(8,571)
Advances paid to suppliers	6,557	3,160	3,397
Prepaid insurance premiums	2,545	4,873	(2,328)
Prepaid hydroelectric concession fees	1,246	1,284	(38)
Amounts owed by local governments	316	758	(442)
Sundry items	50,433	32,500	17,933
Total	**497,156**	**341,890**	**155,266**
Broken down as follows:			
- amount owed by outsiders	415,193	283,854	131,339
- amount owed by subsidiaries and affiliated companies	81,963	58,036	23,927
Total	**497,156**	**341,890**	**155,266**
amount of allowance for doubtful accounts	**(15,634)**	**(16,837)**	**1,203**

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 165,601,000 euros to 251,570,000 euros). These effects reflect changes in the forward market price scenario compared with December 31, 2012. More specifically, Brent crude oil prices rose slightly, while in the foreign exchange market the U.S. dollar lost value versus the euro. A comprehensive description of the impact of derivatives is provided in a separate disclosure included in the “Financial Risk Management” section of this Report.
The table below provides a breakdown of sundry receivables from subsidiaries and affiliated companies, which reflect mainly service activities, dividend receivable and the VAT pool:

(in thousands of euros)	12.31.2013	12.31.2012	Change
Subsidiaries			
Edison Trading	41,919	10,837	31,082
Termica Milazzo	11,338	18,571	(7,233)
Edison Energia	9,549	2,628	6,921
Gever	8,322	2,503	5,819
Edison Energie Speciali	2,122	12,027	(9,905)
Hydros	1,578	1,798	(220)
AMG Gas	1,329	1,109	220
Dolomiti Edison Energy	1,152	1,276	(124)
Edison Stoccaggio	-	1,213	(1,213)
Other companies	4,654	6,074	(1,420)
Total	**81,963**	**58,036**	**23,927**

- **Current financial assets,** which are included in the computation of net financial debt, totaled 2,704,560,000 euros, or 21,459,000 euros more than at December 31, 2012. A breakdown is as follows:

(in thousands of euros)	12.31.2013	12.31.2012	Change
Loans receivable	2,638,475	2,588,400	50,075
Derivatives	59,445	89,698	(30,253)
Equity investments held for trading	6,640	5,003	1,637
Total	**2,704,560**	**2,683,101**	**21,459**

More in detail:

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

(in thousands of euros)	12.31.2013	12.31.2012	Change
Subsidiaries			
Edison International	1,295,822	1,411,365	(115,543)
Edison Energia	702,153	556,553	145,600
Edison Energie Speciali	283,911	297,859	(13,948)
Edison Stoccaggio	205,125	163,142	41,983
Infrastrutture Trasporto Gas	89,144	94,299	(5,155)
Edison DG	32,032	29,344	2,688
Compagnia Energetica Bellunese	10,068	10,161	(93)
Sistemi di Energia	8,829	5,085	3,744
Hydros	4,000	12,000	(8,000)
Termica Cologno	-	106	(106)
Total subsidiaries (A)	**2,631,084**	**2,579,914**	**51,170**
Joint ventures and affiliated companies			
Ibiritermo	7,391	8,486	(1,095)
Total joint ventures and affiliated companies (B)	**7,391**	**8,486**	**(1,095)**
Total (A+B)	**2,638,475**	**2,588,400**	**50,075**

- The entire amount of the balance shown for **derivatives** refers to the measurement at fair value of derivatives hedging interest rate and foreign exchange risks that were outstanding at December 31, 2013. A comprehensive description of the impact of derivatives is provided in a separate disclosure included in the "Financial Risk Management" section of this Report.
- **Equity investments held for trading** consist of investments in listed companies, the carrying amounts of which are marked to market at the end of the reporting year. A breakdown is provided below:

(in thousands of euros)	12.31.2013	12.31.2012	Change
HERA (formerly Acegas Spa)	4,887	3,770	1,117
ACSM Spa	1,562	915	647
American Superconductor Corp.	190	318	(128)
Total	**6,639**	**5,003**	**1,636**

- **Cash and cash equivalents,** which totaled 318,529,000 euros (633,039,000 euros at December 31, 2012), consist of short-term deposits in bank and postal accounts and other readily available assets, including 214,693,000 euros available in a current account with EDF Sa.

23. Assets Held for Sale

This account had a zero balance at December 31, 2013.

Liabilities and Shareholders' Equity

24. Shareholders' Equity

Edison's shareholders' equity increased to 5,999,500,000 euros, or 53,842,000 euros more than at December 31, 2012, when it totaled 5,945,658 ,000 euros.

A breakdown of shareholders' equity and the changes that occurred in 2013 are detailed in the "Statement of Changes in Shareholders' Equity." The main changes include the following:

- 77,615,000 euros for the profit for the period;
- 16,523,000 euros for the distribution of a dividend to the savings shares.

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.

The share capital is divided into shares with a par value of 1 euro each, as follows:

	Number of shares	Millions of euros
Common shares	5,181,545.824	5,182
Savings shares	110,154,847	110
Total	**5,291,700,671**	**5,292**

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, 2012	(8,289)	3,471	(4,818)
- Change in 2013	1,293	(3,230)	(1,937)
Reserve at December 31, 2013	**(6,996)**	**241**	**(6,755)**

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, 2012	4,517	(77)	4,440
- Change in 2013	(4,517)	77	(4,440)
Reserve at December 31, 2013	**-**	**-**	**-**

The following changes occurred in the Reserve for actuarial gains and losses pursuant to IAS 19:

Reserve for Actuarial Gains and Losses

(in thousands of euros)	Riserva
Opening balance at 12.31.12 (IAS 19 Revised)	417
- Change in 2013	(872)
Balance at 12.31.13	**(455)**

25. Provision for Employee Severance Indemnities and Provisions for Pensions

This provision, which amounted to 24,400,000 euros, reflects the accrued severance indemnities and other benefits owed to employees. Actuarial gains and losses are recognized directly in equity; at December 31, 2012, this account had a balance of 418,000 euros. 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.

As for the economic-financial scenario, the following economic and financial parameters were used for valuation purposes:

- Technical annual discount rate 3.50% (3.95% in 2012)
- Annual inflation rate 2.00% (2.00% in 2012)

The table below shows the changes that occurred in 2013 (in thousands of euros):

(in thousands of euros)	
Opening balance at December 31, 2012 (A)	**24,471**
Changes in 2013:	
- Utilizations (-)	(1,575)
- Actuarial (gains) losses (+/-)	872
- Financial expense (+)	943
- Other changes	(311)
Total changes (B)	**(71)**
Balance at 12.31.13 (A+B)	**24,400**

26. Provision for Deferred Taxes

The balance of 12,839,000 euros (13,449,000 euros at December 31, 20102), 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)	12.31.2013	12.31.2012	Change
Fondi per imposte differite:			
- Differences in the valuation of property, plant and equipment	56,557	57,637	(1,080)
- Adoption of standard on finance leases (IAS 17)	25,664	26,442	(778)
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	-	-	-
- shareholders' equity	-	77	(77)
- Other deferred taxes	1,305	323	982
Total deferred-tax liabilities (A)	**83,526**	**84,479**	**(953)**
Deferred-tax assets usable for offset purposes:			
- Tax assets for tax losses	22,071	8,020	14,051
- Taxed provisions for risks	44,944	57,571	(12,627)
- Adoption of standard on financial instruments (IAS 39) with impact on:			
- the income statement	7	14	(7)
- shareholders' equity	240	3,471	(3,231)
- Other prepaid taxes	3,425	1,954	1,471
Total deferred-tax assets (B)	**70,687**	**71,030**	**(343)**
Total provision for deferred taxes (A-B)	**12,839**	**13,449**	**(610)**

27. Provisions for Risks and Charges

The provisions for risks and charges, which were established to cover contingent liabilities, increased to 754,012,000 euros, for a gain of 7,293,000 euros compared with December 31, 2012 (746,719,000 euros), as a result of the changes listed in the table that follows:

(in thousands of euros)	12.31.2012	Additions	Utilizations	Other changes	12.31.2013
- Risks for disputes, litigation and contracts	133,396	5,218	(1,141)	42	137,515
- Charges for contractual guarantees on sale of equity investments	74,595	-	-	-	74,595
- Environmental risks	37,592	21,389	(2,124)	-	56,857
- Other judicial risks	12,770	510	-	-	13,280
- Disputed tax items	33,024	6,023	(1,394)	-	37,653
Total for judicial and tax-related disputes	**291,377**	**33,140**	**(4,659)**	**42**	**319,900**
- Provisions for site decommissioning and remediation	355,243	16,193	(4,821)	10,500	377,115
- Risks on equity investments	42	829	-	-	871
- Provision for CO_2 emissions rights and Green Certificates	7,136	15,836	(7,136)	-	15,836
- Other risks and charges	92,921	13,068	(65,699)	-	40,290
Total	**746,719**	**79,066**	**(82,315)**	**10,542**	**754,012**

Changes to the **provisions for judicial and tax-related disputes,** which totaled 319,900,000 euros, include an addition of about 21,389,000 euros for environmental issues at some industrial sites of the former Montedison (now Edison Spa).

More detailed information about the entries that resulted in the current composition of these provisions is provided later in these notes, in the sections entitled "Risks and Contingent Liabilities Arising from Judicial and Tax-related Disputes."

The **provisions for site decommissioning and remediation,** amounting to 377,115,000 euros, **reflect** the valuation, discounted to the reporting date, of the decommissioning costs that the Company expects to incur for industrial sites and mineral extraction facilities. These provisions shows a net increase of 21,872,000 euros mainly as a result of the following items:

- 16,193,000 euros for financial expense related to the discounting process.
- 10,500,000 euros listed as other changes, attributable to the thermoelectric activities and carried as a direct addition to the corresponding assets (see Note 13 "Property, plant and equipment."

The **provision for risk on equity investments** was increased by 829,000 euros to recognize the negative equity of the Nuova Alba subsidiary.

The **provisions for other risks and charges,** amounting to 40,290,000 euros, include 35,667,000 euros for potential future charges in the electric power area. In addition, 65,699,000 euros were drawn from these provisions to cover costs attributable to the thermoelectric activities.

28. Bonds

The balance of 1,097,667,000 euros (1,795,635 ,000 euros at December 31, 2012) represents the non-current portion of bonds issues, valued at amortized cost.
The table below shows the balance outstanding at December 31, 2013 and indicates the fair value of each bond issue (in thousands of euros):

(in thousands of euros)						Carrying value			
Market where traded	Currency	Par value outstanding	Coupon	Tasso	Rate	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	-	720,847	720,847	727,827
Luxembourg Secur. Exch.	EUR	500,000	Annual in arrears	3.250%	03.17.2015	499,803	16,933	516,736	527,829
Luxembourg Secur. Exch.	EUR	600,000	Annual in arrears	3.875%	11.10.2017	597,864	34,411	632,275	679,279
Total		**1,800,000**				**1,097,667**	**772,191**	**1,869,858**	**1,934,935**

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

29. Long-term Financial Debt and Other Financial Liabilities

A breakdown of the balance of 950,540,000 euros is as follows:

(in thousands of euros)	12.31.2013	12.31.2012	Change
Due to banks	137,000	98,429	38,571
Due to other lenders including:			
- EDF	795,497	-	795,497
- Other lenders	18,043	20,804	(2,761)
Total	**950,540**	**119,233**	**831,307**

The Alba Marina floating storage and offloading (FSO) vessel, sited about 10 miles from the Molise coast, provides support for the Rospo Mare offshore filed.

In April 2013, the Company signed agreements for two intercompany facilities to refinance a syndicated, standby credit line of 1,500 million euros (see "Note 31. Current Liabilities").

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

More specifically, the financing was provided by:

- EDF Investissement Groupe Sa, for a face amount of 800 million euros (drawn down in full at December 31, 2013), with a duration of seven years;
- EDF Sa, for a face amount of 600 million euros (unused at December 31, 2013), with a duration of two years.

Both facilities were secured on competitive terms, in line with those available in the market to a company with a credit rating like that of Edison Spa.

The amount due to **other lenders** refers to a finance lease for the Leonis ship belonging to the hydrocarbons operations.

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

30. Other Liabilities

This item had a zero balance at the end of 2013 (23,176,000 euros at December 31, 2012), due to the recognition of the gain on the divestment of Dolomiti Edison Energy, as explained in "Note 9. Income from (Expense on) Equity Investments."

31. Current Liabilities

Current liabilities totaled 3,090,163,000 euros, or 427,312,000 euros less than at December 31, 2012. A breakdown is as follows:

(in thousands of euros)	12.31.2013	12.31.2012	Change
Bonds	772,191	103,726	668,465
Short-term financial debt	949,100	1,922,775	(973,675)
Trade payables	978,175	1,110,180	(132,005)
Current taxes payable	-	4,905	(4,905)
Other liabilities	390,697	375,889	14,808
Total	**3,090,163**	**3,517,475**	**(427,312)**

The main current liability accounts are reviewed below:

- **Bonds** totaled 772,191,000 euros, include the current portion of a bond issue with a face value of 700 million euros maturing on July 22, 2014 and the total accrued interest at December 31, 2013;
- **Short-term financial debt** amounted to 949,100,000 euros. The table below shows a breakdown of this account:

(in thousands of euros)	12.31.2013	12.31.2012	Change
Due to subsidiaries and affiliated companies	777,834	681,925	95,909
Due to banks	103,944	1,178,588	(1,074,644)
Due to factor companies	46,158	32,499	13,659
Interest rate and foreign exchange derivatives	12,553	26,353	(13,800)
Finance leases	2,820	2,678	142
Due to the controlling company EDF Sa	4,095	710	3,385
Other	1,696	22	1,674
Total	**949,100**	**1,922,775**	**(973,675)**

Please note that in April 2013, the Company obtained two facilities from EDF Group companies (see 'Note 29. Long-term Financial Debt and Other Financial Liabilities") and repaid the amount owed on a syndicated, standby credit line, against which a total of 1,150 million euros had been drawn.

Liabilities under finance leases refer to the current portion of the amount owed for the Leonis ship operated by the hydrocarbons operations.

For more detailed information about the changes that occurred in 2013, 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)	12.31.2013	12.31.2012	Change
Edison Trading	670,483	575,270	95,213
Termica Milazzo	18,406	10,990	7,416
Edison International Holding	17,015	33,163	(16,148)
Parco Eolico San Francesco	10,878	5,646	5,232
Poggio Mondello	10,549	10,767	(218)
Termica Cologno	9,986	-	9,986
Jesi Energia	8,217	19,257	(11,040)
Edison Stoccaggio	6,835	-	6,835
Nuova Cisa	5,652	4,216	1,436
Infrastrutture Trasporto Gas	4,988	485	4,503
Nuova Alba	4,817	6,423	(1,606)
AMG Gas	4,508	3,038	1,470
Edison Energy Solutions	2,566	-	2,566
Dolomiti Edison Energy	2,206	-	2,206
Parco Eolico Castelnuovo	574	343	231
Euroil Exploration	-	12,036	(12,036)
Other subsidiaries	154	291	(137)
Total subsidiaries	**777,834**	**681,925**	**95,909**

- **Trade payables** totaled 978,175,000 euros (1,110,181,000 euros at December 31, 2012). A breakdown by business segment is provided below:

(in thousands of euros)	12.31.2013	12.31.2012	Change
Hydrocarbons operations	866,797	903,753	(36,956)
Electric power operations	69,769	181,317	(111,548)
Corporate activities	41,609	25,111	16,498
Total	**978,175**	**1,110,181**	**(132,006)**

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 11,921,000 euros (24,344,000 euros at December 31, 2012).

Payables owed to subsidiaries and affiliated companies amounted to 1,692,000 euros, including 1,394,000 euros owed to Edison Trading Spa.

- A breakdown of **Other liabilities,** which totaled 390,697,000 euros, or 14,808,000 euros more than at December 31, 2012, is provided below:

(in migliaia di euro)	12.31.2013	12.31.2012	Change
Valuation of derivatives	251,570	165,601	85,969
Joint holders of permits and concessions for the production of hydrocarbons	41,406	30,475	10,931
Amounts payable to employees	23,350	20,635	2,715
Royalties payable	18,492	16,852	1,640
Consulting and other services	18,419	27,103	(8,684)
Due to pension and social security institutions	17,606	17,055	551
Customer advances	7,205	4,829	2,376
Other income and excise taxes	3,358	4,552	(1,194)
Payables for VAT in pool with subsidiaries	2,106	6,124	(4,018)
VAT payable	-	37,226	(37,226)
Sundry items	7,185	45,437	(38,252)
Total	**390,697**	**375,889**	**14,808**
Breakdown:			
- outsiders	382,480	364,331	18,149
- subsidiaries and affiliated companies	8,217	11,558	(3,341)
Total	**390,697**	**375,889**	**14,808**

32. Liabilities Held for Sale

This account had a zero balance at December 31, 2013.

NET FINANCIAL DEBT

At December 31, 2013, net financial debt totaled 746 million euros, for an increase of 120 million euros compared with 626 million euros at December 31, 2012.
The table below provides a simplified breakdown of the Company's net financial debt:

(in millions of euros)	See note	12.31.2013	12.31.2012	Change
Bonds - non-current portion	28	1,098	1,796	(698)
Non-current bank loans	29	137	98	39
Amounts due to other lenders – non-current portion	29	814	21	793
Total net long-term financial debt		**2,049**	**1,915**	**134**
Bonds - current portion	31	772	104	668
Current loans payable	31	949	1,923	(974)
Current financial assets	22	(2,705)	(2,683)	(22)
Cash and cash equivalents	22	(319)	(633)	314
Total net short-term financial debt		**(1,303)**	**(1,289)**	**(14)**
Total net financial debt		**746**	**626**	**120**

In April 2013, the Company signed agreements with two EDF Group companies for two intercompany facilities to refinance a 1,500-million-euro syndicated, standby credit line, carried among current liabilities for the amount of 1,150 million euros at December 31, 2012, as explained in "Note 29. Long-term Financial Debt and Other Financial Liabilities."
In addition, a bond issue with a face value of 700 million euros, maturing on July 22, 2014, was reclassified into short-term debt.

The net increase of 120 million euros is the net result of the following factors:
- advances paid due to the activation of take-or-pay clauses in natural gas procurement contracts;
- outlays for the year's capital expenditures;
- collection of dividends from subsidiaries.

Please also note that, in addition to the two intercompany facilities mentioned above, net financial debt includes 215 million euros in liquid assets held by EDF Sa and 4 million euros in short-term debt owed to EDF IG, as listed in the corresponding table shown in the section of these Notes entitled "Intercompany and Related-party Transactions."

COMMITMENTS, RISKS AND CONTINGENT ASSETS

(in thousands of euros)	12.31.2013	12.31.2012	Change
Guarantees provided	1,264,899	1,207,577	57,322
Collateral provided	75,901	80,881	(4,980)
Other commitments and risks	102,947	570,854	(467,907)
Total	**1,443,747**	**1,859,312**	**(415,565)**

Guarantees provided totaled 1,264,899,000 euros. This figure was determined based on the undiscounted amount of contingent commitments on the balance sheet date.
Guarantees provided included the following:
- 78,626,000 euros in guarantees provided by Edison Spa to the Milan tax office on behalf of subsidiaries for offsetting VAT credits;
- Guaranteed provided by the Group's Parent Company on its own behalf and on behalf of subsidiaries and affiliated companies to secure the performance of contractual obligations account for the balance.

Please note that a commitment for 50 million euros pursuant to the Tolling and Power Purchasing Agreements, according to which Edison was responsible for the commercial obligations undertaken by its Edison Trading Spa subsidiary toward Edipower, was terminated in June 2013.

Collateral provided, which represents the value on the reporting date of the assets or rights provided as collateral, totaled 75,901,000 euros, or 4,980,000 euros less than at December 31, 2012 (80,881,000 euros). This item consists mainly of mortgages and encumbrances placed on a thermoelectric facility to secure facilities provided by financial institutions (49,583,000 euros).

Other commitments and risks, which totaled 102,947,000 euros, reflects primarily commitments undertaken to complete investment projects in progress. The decrease recorded in 2013 is mainly tied to long-term contracts to import natural gas.
With regard to these contracts, which contain take-or-pay clauses requiring the buyer to pay for quantities of which it is unable to take delivery in accordance with scheduled volumes, the commitments carried at December 31, 2012, amounting to 413,530,000 euros, were fulfilled in their entirety in 2013. At December 31, 2013, advances totaling 165,918,000 euros were included under Other assets (Note 21). Updated risk profiles and economic recoverability are verified periodically during the year.

Please also note the following:
- With regard to the procurement of CO_2 certificates and Certified Emission Reductions (CERs)/Emission Reduction Units (ERUs), for the 2013-2020 period, Edison Spa signed Amended Agreements modifying the original Emission Reductions Purchase Agreements (ERPA) to purchase CERs in China BY 202 for up to 26,400,000 euros (computed based on a maximum theoretical price of 15 euros per ton). These new agreements represent extensions of contracts already held by Edison Spa and originally signed for the 2008-2013 period; the pricing formula changed from fixed to floating based on the secondary market for CERs with a ceiling of 15 euros per ton, used to compute the maximum theoretical commitment for the reporting period, even though the abovementioned price is much higher than current market rates.
- At December 31, 2013, the Purchasing and Management Agreement with Natsource Asset Management Europe (Nat-CAP) for the purchase of CERs and ERUs by 2013 had not produced any delivery of certificates and the Fund reached its scheduled expiration.
- The Management Agreement con EDF Trading Ltd (EDF Carbon Fund) ended on June 30, 2013.

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 (13,992,000 euros).
- Petrobras an option to buy its interest in Ibiritermo Sa, exercisable in 2022.

Unrecognized Commitments and Risks

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

1) In the **hydrocarbon area,** the Company is a party to long-term contracts for the importation of natural gas from Russia, Libya, Algeria and Qatar, for a total maximum nominal supply of 14.4 billion cubic meters of natural gas a year. These contracts have terms ranging from 6 to 21 years. The table below provides a breakdown of the timing for the supply of natural gas, based on minimum contractual deliveries:

	U.M.	within 1 year	between 2 and 5 years	after 5 years	**Total**
Natural gas (*)	Billion m^3	11.1	51.2	140.,1	**202,4**

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

In addition, contracts to import natural gas in future years include an agreement to import natural gas from Algeria (*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 natural gas regasification company in which Edison Spa holds an interest of about 7.3%, the agreements between shareholders include the right for the other shareholders to buy the interest held by Edison, should Edison cancel the supply contract with RasGas, at a price equal to the sum of the capital contributions provided until the option is exercised.

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

- Edison has the right to cancel the regasification contract for force majeure events affecting the 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.

Risks and Contingent Liabilities Arising from Judicial and Tax-related Disputes

A review, based on information currently available for Edison Spa, of the main judicial and tax-related disputes outstanding at December 31, 2013 is provided below. Disputes are divided between those that could give rise to a probable liability, for which it was possible to develop a reliable estimate of the underlying obligation and recognize a corresponding provision for risks in the balance sheet, and those that could give rise to a contingent liability, which is dependent on the occurrence of events that are possible, but not probable, or are probable but their impact cannot be quantified reliably. With regard to contingent liabilities, only a disclosure is provided in the notes to the financial statements.

Probable Liabilities Associated with Legal Disputes

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

A. The **liabilities for which a provision for disputes, litigation and contracts risks was recognized in the balance sheet** refer mainly to the following disputes:

Stava Dam Disaster

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

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

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 that ended with a decision awarding damages for an amount acceptable to Edison. A similar lawsuit pending before the Venice Court of Appeals, in which the hearing for closing arguments has been held, continued without noteworthy developments.

Mantua Petrochemical Complex - Criminal Proceedings for Personal Injuries and Environmental Damages and 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 different facts, never mentioned before, either in the preliminary hearing phase or during oral arguments, that have the potential of altering the charges against the defendants. In response to this development, the Company objected stating that this request was inadmissible, asking instead that the proceedings go forward based on the facts described in the indictment. However, by an order dated January 22, 2013, the Court denied the motion filed by the counsel for the defendants, ordering a continuation of the investigative hearings that is still in progress. As for the administrative proceedings, on October 22, 2012, Edison was served with an order by the Provincial Administration of Mantua instructing it to submit a project for the specific purpose of reestablishing safe conditions at the site called "Versalis area, former chlorine sodium production facility." Late in December 2012, the Company challenged this order, filing a motion to stay its enforcement with the Regional Administrative Court of Lombardy, Brescia Section. This motion was denied by the Court in February 2013 and by the Council of State on appeal. The Company then began discussions with the Provincial Administration to stipulate the methods, timing and conditions for implementation of the order. In addition, on October 16, 2013, the Mantua Provincial Administration informed Edison of the start of proceeding aimed at identifying the party responsible for exceeding the Contamination Concentration Thresholds at the "Area L mercury Mud Landfill" included in the "Laghi di Mantova e Polo Chimico" National Interest Site. The company challenged these proceedings, in an appeal filed with the Regional Administrative Court of Brescia, notified on in December 2013, because they already contained an "intimation" pursuant to Article 244 of Legislative Decree No. 152/2006.

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 in the coming months.

Brindisi Petrochemical Plant - Administrative Proceedings
On February 25, 2013, the Brindisi Provincial Administration served Edison and other parties with an order pursuant to Article 244, Section 2, of Legislative Decree No. 152/2006 (the Environmental Code) concerning an alleged landfill adjacent to the Brindisi petrochemical plant. Edison challenged this order before the Regional Administrative Court of Apulia - Lecce and is waiting for a hearing to be scheduled.

Belvedere di Spinello Mineral Concession
By a summons served on October 31, 2013, the Catanzaro Provincial Administration (which was later replaced in the proceedings by the Crotone Administration) sued Montedipe S.p.A (now Edison) asking that it be ordered to pay for the damages (quantified conservatively at 1 billion Italian lire) caused to the Spinello-Belvedere del Neto provincial road by the defendant's activities in connection with production from the neighboring salt mine. By a decision handed down on March 12, 2009, the Court of Catanzaro ruled that the reasons for the dispute no longer existed and ended the proceedings. The provincial administrations appealed this decision. By a decision filed on August 13, 2013, the Catanzaro Court of Appeals, overturned the lower court's decision, ordering Montedipe (now Edison) to pay to the appellant administrations the amount of 31,456.84 euros (plus inflation adjustment and interest from the date the facts occurred to the date of the decision), further ordering a continuation of the proceedings. By a separate order, the Court requested an technical report by a court appointed consultant in order to "*ascertain whether there is a need to reposition the provincial road or if it is possible to carry out conservation and/or consolidation work capable of ensuring the road's complete safety and usability.*" The consultant's report is still in the process of being prepared.

For the sake of comprehensive disclosure, please also note the following:

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 appealed this decision before the Milan Court of Appeals and the hearing for the closing arguments was scheduled for February 20, 2014.

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.

* * * * *

B. The **liabilities for which a provision for contractual guarantees provided for divestments of equity investments was recognized in the balance sheet** refer mainly to the following disputes:

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.
It is also worth mentioning that at the end of September the Company received a letter from the Ministry of the Environment containing an injunction concerning the removal of any and all waste material present in landfills located inside and outside the plant. In December 2013, Edison challenged this injunction before the Regional Administrative Court of Abruzzo, located in Pescara.
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, underwent several developments as a result of which, following an initial indictment, the proceedings regressed back to the preliminary hearing phase. On April 18, 2013,

within that context, the Preliminary Hearing Judge of the Court of Pescara denied the motion for summary judgment filed by the defendants and indicted all defendants before the Lower Court of Chieti.
However, the defendants' counsels appealed this decision before the Court of Cassation, due to the abnormity of the decision by which the judge denied the motion for summary judgment. The Court of Cassation denied the appeal in a decision handed down on December 18, 2013, finding that, while the Preliminary Hearing Judge's decision was not vitiated by abnormity, it was nevertheless erroneous and ruled that the defendants could repurpose the motion for summary judgment at a hearing before the Lower Court of Chieti, scheduled for January 31, 2014. In that venue, the defendants' counsels resubmitted the motion for summary judgment, which the Lower Court allowed with an order issued on February 7, 2014. As a result of this, Edison was removed from the trial as a civilly liable party, pursuant to Article 87, Section 3, of the Code of Criminal Procedure.

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. With regard to these proceedings, please note that, on July 31, 2013, following the filing of initial briefs by the parties in 2013, the Board of Arbitrators decided to bisect the proceedings to address in advance certain prejudicial and preliminary exceptions put forth by Edison, separately from the action filed by Solvay Sa and Solvay Specialty Polymers Italy Spa. Edison expect a decision on the abovementioned exceptions during the first half of 2014.

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C. The **liabilities for which a provision for environmental risks was recognized in the balance sheet** refer mainly to the following disputes:

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

The Company filed appeals before the Council of State against the decisions handed down on July 16, 2009, by which the Regional Administrative Court of Lombardy dismissed the appeals filed by Edison challenging two feasible and urgent orders issued by the municipal administrations of Cerro and Melegnano, ordering the Company to implement the activities needed to prevent the contamination deriving from a facility decommissioned in the 1960s, formerly owned by Industria Chimica Saronio Spa (of which Edison is the assign), from migrating from the upper aquifer to the deeper aquifer. Edison and the municipal administrations continue to be engaged in negotiations to implement the abovementioned emergency activities.

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

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

City of Milan, Claim for Damages for Edison's "Former Gas Works" Area in Milan - Bovisa

In June 2013, the City of Milan summoned Edison to appear before the Court of Milan to pay damages allegedly related to remediation costs for the "former Gas Works" area in Milan's Bovisa district, quantified at about 20 million euros, as Montedion Spa conducted gas production and distribution activities directly at the abovementioned area from 1966 to 1981. The claim for compensation also included the damage suffered by the City of Milan for the loss of property value, estimated at about 10 million euros. Edison joined the proceedings filing a brief in December 2013. The first hearing has been scheduled for February 14, 2014.

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D. The **liabilities for which provision for other judicial risks was recognized in the balance sheet** refer mainly to the following disputes:

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

In the lawsuit filed by UBS AG and the Joint Representative of the savings shareholders against Edison, Italenergia Spa and others challenging the merger of Edison and Italenergia Spa, in which the Court of Milan handed down a decision on July 16, 2008 that led to a settlement with UBS AG in June 2009, the settlement offer made by the Company to some savings shareholders who, even though they failed to take legal action or take any other action that may have legal consequences, are nevertheless claiming compensation was accepted by parties holding about 65% of the shares. However, other claimants filed a legal action with the Lower Court of Milan, which ruled upholding the plaintiffs' complaints. The Company challenged this decision before the Milan Court of Appeals and, at the hearing for closing arguments, held on December 17, 2013, the Court granted to the parties the extended deadline provided pursuant to law for the filing of closing briefs and any counter-arguments.

* * * * *

Contingent Liabilities Related to Judicial Disputes

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

Environmental Legislation

In recent years, in addition to the probable liabilities for environmental risks covered by provisions and described above, 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. Therefore, considering the current and past industrial activities of the Company and the Group, particularly in the chemical sector, even thought these were carried out in compliance with the statutes then in force, it cannot be excluded that in light of current legislation, new alleged contamination charges may be levied against the Company in addition to those that are already the subject of existing administrative and civil proceedings.
For more specific consideration about the legislation applicable in Italy, please see the remarks provided in the 2012 Annual Report.

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. At a hearing held on March 5, 2013, the Court of Cassation upheld the verdict of not guilty issued by the Turin Court of Appeals.

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

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

ACEA Unfair Competition

On August 7, 2006, ACEA Spa filed a civil lawsuit before the Court of Rome against several parties, including AEM Spa (now A2A Spa), EdF Sa, Edipower Spa and Edison Spa, for an alleged an act of unfair competition, pursuant to Article 2598, Section 3, of the Italian Civil Code, due to a violation of the 30% ceiling in the ownership of the share capital of Edipower Spa by government-owned entities, as set forth in the Prime Minister Decree dated November 8, 2000, which violation occurred due to the acquisition of joint control of Edison by EdF and AEM. According to ACEA, this change in Edison's and, consequentlhy, Edipower's control structure was 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 and use energy produced by Edipower in excess of the corresponding allowable quantity). With regard to this request by ACEA, please note that, as of May 24, 2012, Edison's equity investment in Edipower was sold to Delmi Spa. Within the framework of the proceedings before the Rome Lower Court, the Court handed down a decision finding that Edison had no standing as a defendant.

Pagnan vs Edison

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

Vega Offshore Hydrocarbon Field - Vega Oil Vessel

On October 22, 2012, in the proceedings filed by the Public Prosecutor of Modica against several parties, including some Edison Directors and executives, in connection with the alleged pollution caused by the Vega Oil vessel, The Court of Modica, upholding the arguments put forth the counsel for the defendants, voided the decree that ordered the trial, returning the record of the proceedings to the Preliminary Hearing Judge. The new Preliminary Hearing began on December 20, 2012 and Edison was summoned to appear as the civilly liable party. With regard to these proceedings, it is worth mentioning that, following the closing of the Modica Court pursuant to recent legislation, territorial jurisdiction over the proceedings was transferred to the Court of Ragusa, where the preliminary hearing is expected to resume.

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 then filed motions asking that the proceedings be reinstated before the Court of Terni, which, however, were denied in 2012, with Edison being ordered to pay court costs, quantified at 1,800 euros, as the total professional fee, plus statutory additions. Similar motions for reinstatement filed by Edison Spa and Edison Energia Spa with the Court of Milan were granted and the proceedings are currently in the discovery phase.

Angelo Rizzoli/Edison et al.

On September 25, 2009, Angelo Rizzoli sued before the Court of Milan Edison (as assign for Iniziativa Meta Spa), RCS Media Group, Mittel and Giovanni Arvedi in connection with the purchase in 1984 by the abovementioned parties of a controlling interest in Rizzoli Editore (owner of the *Corriere della Sera* newspaper). Intesa San Paolo was also sued, in its capacity as assign for Banco Ambrosiano. The purpose of the lawsuit was to obtain that the contracts that resulted in the abovementioned purchase be found to be and declared null and void and that the defendants be ordered to make restitution by paying the financial equivalent of the rights and equity interests subject of the abovementioned contracts. By a decision published on January 11, 2012, the Court of Milan denied all of the plaintiff's claims, ordering the plaintiff to refund all litigation costs incurred by the defendants, which, in Edison's case, were quantified at about 1.3 million euros. The Court also ordered Angelo Rizzoli, for liability aggravated by unlawful court conduct pursuant to Article 96 of the Code of Civil Procedure, to pay to each of the defendants, including Edison, the sum of 1.3 million euros. The losing party is challenging this decision before the Milan Court of Appeals and a hearing for closing arguments is scheduled for October 20, 2014.

Cartel Damage Claims - Ausimont: Claim for Damages

In April 2010, Edison was served with notices setting forth four amended briefs filed by Akzo Nobel Nv, Kemira Oyi, Arkema Sa and FMC Foret Sa in proceedings before the Court of Düsseldorf in which Cartel Damage Claims Hydrogen Peroxide Sa, a Belgian company specialized in class action lawsuits, is claiming compensation for alleged damages to competition caused by the members of a cartel for the production and distribution of peroxides and perborates on which the European Commission levied a fine in 2006. Edison is being sued due to Ausimont's involvement in the antitrust proceedings launched by the Commission. The proceedings are currently in the preliminary phase and the Court of Düsseldorf issued an order on April 29, 2013 forwarding the record of the proceedings to the European Court of Justice, asking it to rule on a series of issues of admissibility of the plaintiff's claims and jurisdiction raised by all respondents.

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Probable Liabilities Associated with Tax Disputes

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

Old Edison Spa - Income Tax Assessments for 1995, 1966 and 1997

In 2013, 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. Any charges that may arise from these disputes are covered by corresponding provisions for risks.

Old Calcestruzzi Spa - Income Tax Assessments for 1991 and 1992

In November 2012, the Company filed an appeal with the Court of Cassation seeking a review of the decisions handed down in July 2012 by the Regional Tax Commission of Emilia Romagna in the proceedings reinstated by an earlier decision by the Court of Cassation concerning the corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1991 and 1992 tax years. A hearing for arguments before the Court has not yet been scheduled. In the reinstated proceedings, the Regional Commission found that the transaction involving the beneficial ownership of shares executed at the intercompany level could not be used a shield against the Revenue Administration and upheld in full the penalties, but voided other tax recoveries for modest amounts. The Company then asked for a review of the decision specifically with regard to the penalties and the computation of the taxes resulting from the disallowance of the beneficial ownership transaction for tax purposes. The Office of the Solicitor General, as representative of the Revenue Agency, joined the proceedings without filing an incidental appeal for one of the two years. In December 2012, the Company paid the tax liability resulting from the decisions handed down by the Regional Commission, plus penalties and interest, the collection of which had become enforceable. However, the payment of taxes and penalties, which was covered in full by an existing provision for risks, 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.
The unused surplus in this provision refers to the other recoveries that were voided by the Commission and partly to an incidental appeal by the Revenue Administration.

IRES and IRAP Assessments

The general audit of Edison Spa concerning income taxes, regional taxes (IRAP) and VAT for the tax years from 2005 to 2010 (up to the starting date of the audit) launched in September 2010 by the Milan Tax Police Unit was completed at the end of May 2011.

Based on the issues raised in an excerpted tax audit report for 2005, completed in September 2010, and in the final tax audit report for the 2006-2009 period, issued in May 2011, the Revenue Agency - Regional Lombardy Division - Office of Major Taxpayers served Edison Spa (and its controlling company Transalpina di Energia for 2006) with corporate income tax (IRES) and Regional Tax (IRAP) notices of assessment for 2005 and 2006 contesting the deductibility of costs incurred with black-listed suppliers (mainly Swiss), thereby dissenting in part with the conclusions reached by the Revenue Police, and for 2006 disallowed expenses found to be "not attributable" to the year in which they were deducted, but nevertheless deductible in another tax period.

In May 2013 the Milan Provincial Tax Commission handed down a decision favorable to the Company, upholding the challenges and voiding in full the notices of assessment. In December 2013, the Agency appealed this decision. In December 2012, Edison was served with IRES and IRAP notices of assessment for 2007 (in this case as well, Transalpina di Energia, Edison's controlling company, was also served with a corresponding IRES notice of assessment), which, based on the issues raised in the tax audit report, disallowed costs incurred with black-listed suppliers, costs deemed improperly allocated and other costs, of a lesser amount, that were not deemed to be directly attributable. In this case as well, the Company, after unsuccessfully attempting to negotiate a settlement, filed an appeal seeking to be totally exonerated and allowed to deduct the costs it incurred.

The challenges filed with regard to IRES and IRAP were combined before the Milan Provincial Tax Commission, which upheld then in a decision handed down in January 2014, by which it voided the assessments in their entirety. In December 2013, notices of assessment were served for IRES (also to the controlling company Transalpina di Energia), the IRES surcharge (Robin Hood Tax) and IRAP for 2008, with findings similar to those of previous years. In this case as well, the company intends to initially seek a negotiated settlement in order to minimize legal costs and taking into account the favorable outcomes it obtained thus far.

In general, it must be noted that, for all audited years subsequently subject of a dispute, 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, in the course of its unsuccessful attempts to reach a negotiated settlement and in connection with the proceedings 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, comforted by the recent decision of the Provincial Commission, that the documents and arguments it put forth will result in the permanent cancellation of the pursued revenue recoveries. The provisions recognized in response to the findings of the Audit Report takes into account the possible charges that may be incurred if the smaller revenues recoveries were to be upheld.

Disputed Municipal Property Taxes (ICI) and Assessed Property Values for Hydro and Thermo Power Plants

The Company similarly to other companies in its industry, is a party to disputes concerning municipal property tax assessments issued by municipalities where their power plants are located, as well as disputes about decision of the Territorial Agency (now Revenue Agency) to contest the proposed Assessed Property Values.

Taking into considerations potential resolutions, including negotiated settlements, with the Municipal Administrations of pending or potential disputes, the Company recognized a provision to cover possible charges.

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Contingent Liabilities Associated with Tax Disputes

With regard to the main tax disputes, in connection with which a liability may be incurred contingent on possible, but not probable, events, the following new developments occurred in 2013:

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 - Dispute for Registration Fees on Transactions Requalified as Disposal of Business Operations Concerning the Taranto Power Plants

On November 9, 2012, Edison Spa was served with a payment notice for registration, mortgage and cadastral fees, totaling more than 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. 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 challenged the Agency's decision, asking for a stay of the collection process. In February 2013, the Milan Provincial Tax Commission issued an initial order staying the collection process, followed, in July 2013, by a decision on the merit, upholding the challenge and setting aside the payment notice. The deadline for appeal b y the Revenue Agency has not yet expired.

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

In recent years, Edison Spa was served with notices of assessment for property taxes (ICI) by which municipal administrations on the Adriatic coast (Termoli, Porto Sant'Elpidio and Torino di Sangro) requested payment of municipal property taxes on some hydrocarbon production platforms located in the Adriatic Sea. Up to 2012, all decisions were in the Company's favor. In 2012, the Campobasso Regional Tax Commission, ruling on the notice of assessment for the 199-2004 tax years, upheld in part the challenge filed by the Termoli municipal administration, finding that the tax was owed but disallowing in full the penalties. In November 2013, the Company appealed 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 (now Revenue Agency). Further to a payment injunction and an enforcement action pursued by Assoservizi on behalf of the Termoli Municipal Administration based on the abovementioned decision by the Regional Commission, the Company paid the amount owed, albeit on a provisional basis while the proceedings are pending. In January 2013, the Campobasso Provincial Tax Commission, in a decision concerning the notices of assessment for the 2007-2009 tax years, ruled that the tax was in fact owed, but disallowed the penalties. The Company is appealing this decision as well. In addition, in 2012, new notices of assessment for municipal property taxes were notified by the municipalities of Termoli (for the 2011 tax year) and Porto Sant'Elpidio (2007-2011 tax years). Appeals contesting these assessments were filed and an additional appeal was also 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 to ensure that the validity and lawfulness of its conduct is recognized, as it believes that the claims of the municipal administrations are totally devoid of merit. In any event, the risk related to these disputes is not believed to be probable and, consequently, a provision for risks was not recognized.

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Contingent Assets

Antitrust proceedings concerning Ausimont

As required by IAS 37, Edison discloses that the issues involving its more valuable contingent asset, i.e., the **antitrust proceedings concerning Ausimont,** for its involvement in a cartel concerning the price of peroxides and perborates, reached a positive conclusion in December 2013. Specifically, the European Court of Justice, by decision No. C-446/11 of December 5, 2013, denied the appeal filed by the Commission, upholding the decision handed down by the European Union Tribunal on June 16, 2011 and, consequently, permanently voiding the fine levied on Edison, in its capacity as Ausimont's former controlling company until 2002, for violations of antitrust laws committed by Ausimont. The effects on Profit and Loss is described in "Note 10 Other income (expense), net."

Dispute for Registration Fees on Transactions Requalified as Disposal of Business Operations Concerning CIP 6/92 Power Plants

In July 2010, Edison Spa was served with a payment notice for additional registration, mortgage and cadastral fees, totaling about 11 million euros, in connection with the requalification of a transaction executed in 2008 involving the conveyance of business operations (assets consisting of CIP 6/92 power plants), followed by the sale of the corresponding equity investment to Cofatech Spa.

While the proceedings are in progress and lacking an order staying the collection process, the Company paid the higher tax demanded, in order to avoid prejudicial recovery actions.

In June 2011, the Milan Provincial Tax Commission upheld in its entirety the appeal filed by the Company challenging the payment notice. In its decision, the Commission agreed that the payment notice was improper and, on the merit, that the Company's choices were correct.

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

A date has not yet been set for a hearing to present the challenge before the Court.

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 Type	Tax status Amount	Utilization options	Distributable portion
Share capital	**5,291,701**				
	breakdown	C	192,082	-	-
		D	588,628	-	-
Share capital reserves					
Additional paid-in capital	**-**	E	-	1, 2, 3	-
Earnings reserves					
Statutory reserve	**128,090**				
	breakdown	A	110,537	2	-
		D	17,553	2	-
Other reserves	**465,430**				
	breakdown	A	382,362	1, 2	-
		A	83,068	-	-
Reserve for grants	-	B	-	-	-
Retained earnings	36,664	A	36,795	1, 2, 3	36,664

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).

E: 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 (in thousands of euros):

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 S.p.A)	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 6.5% corporate income tax surcharge) on the reserves listed above would amount to 65.3 million euros for those of Item C and 150 million euros (net of tax credit) for those of Item D. Also with regard to Item D, please note that the Extraordinary Shareholders' Meeting of March 22, 2013 resolved not to reconstitute the retained earnings reserve designated pursuant to Section 469 of Law No. 266/2005 (so-called realignment) and reduce it by 72,945,385.19 euros for replenishment of losses.

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 160 million euros. Deferred taxes totaling about 54 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 106 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 exposed to 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, directly through pricing formulas or indirectly through statistical correlations and economic relationships, on the revenues and costs of its production and buying and selling activities. Moreover, because some of the abovementioned commodity contracts are settled in currencies different from the euro and/or entail a translation into different currencies within the price indexing formulas, the Company is also exposed to the exchange rate risk.

Insofar as the derivatives held by the Group's Parent Company that were outstanding at December 31, 2013 are concerned, the maximum negative variance in the fair value of financial instruments expected over the time horizon of the current year, with a 97.5% probability, compared with the fair value determined at December 31, 2013, is 256.0 million euros (126.2 million euros at December 31, 2012), as shown in the table below:

Profit at Risk (PaR)	December 31, 2013		December 31, 2012	
(in millions of euros)	Level of probability	Expected negative variance in fair value	Level of probability	Expected negative variance in fair value
Edison Spa	**97.5%**	**256.0**	**97.5%**	**126.2**

In other words, compared with the fair value determined for the contracts outstanding at December 31, 2013, the probability of a negative variance greater than 256.0 million euros by the end of 2014 is limited to 2.5% of the scenarios.

The higher amount, compared with the level measured at December 31, 2012, is mainly the result of a greater net volume of financial contracts executed to hedge forward sales for 2014 and 2015.

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 2013 by the Industrial Portfolio would have been equal to 89% of the approved limit, with a peak of 160% in January 2013 (with the limit exceeded by 37% on average during the year). With hedging, the average amount of Economic Capital absorbed in 2013 by the Industrial Portfolio was 59%, with a peak of 98% in January 2013.

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

Edison tackles environmental and safety challenges by promoting the development of integrated management systems as a key factor for prevention and continuous improvement.

million euros. This limit was used by up to 32% at December 31, 2013. 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 14.6 million euros. This limit was used by up to 36% at December 31, 2013.

2. Foreign Exchange Risk

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

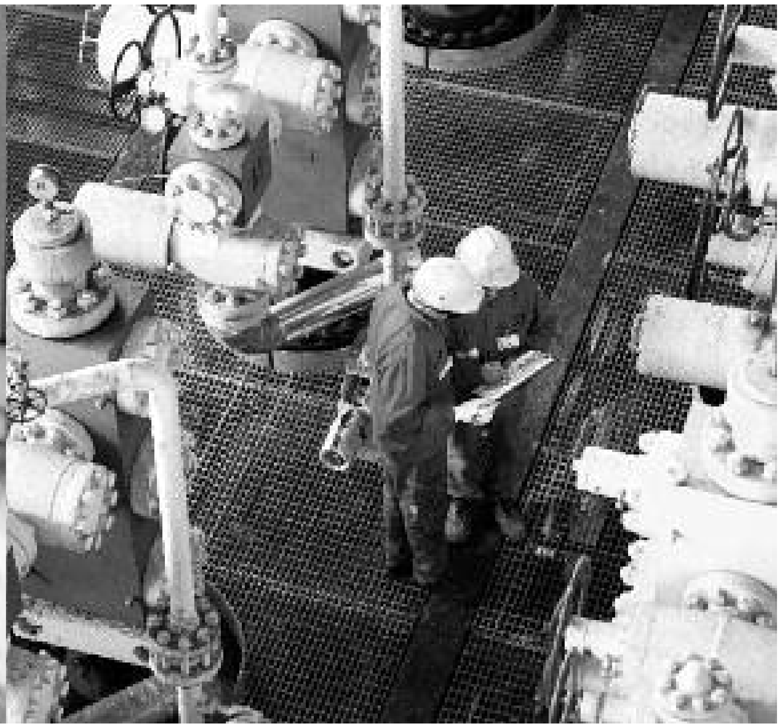
3. Interest Rate Risk

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

Profit at risk (PaR)	12.31.2013			12.31.2012		
Mix fixed and variable rate: (in millions of euros)	without derivatives	with derivatives	% with deriv.	without derivatives	with derivatives	% with deriv.
- fixed rate portion (including structure with CAP)	2,621	2,021	54%	1,823	1,223	31%
- variable rate portion	1,149	1,749	46%	2,103	2,703	69%
Total gross financial debt (*)	**3,770**	**3,770**	**100%**	**3,926**	**3,926**	**100%**

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

As the table above shows, in 2013, Edison consolidated the portion of its debt not exposed to market rate fluctuations by entering into an agreement for a term loan provided by EDF Investissements Groupe



in the amount of 800 million euros, with a fixed interest rate, hedged for the term of the loan (seven-year IRS). The two new revolving credit lines provided, respectively, by EDF Sa for 600 million (April 2013) and a pool of banks for 500 million (July 2013), are indexed to the Euribor (based on the rate for the drawdown period); both of these lines were unused at December 31, 2013 (see the "Liquidity Risk" section).

The hedging strategy deployed for the bond issues did not change in 2013 (see the section entitled "Default Risk and Debt Covenants"), as it was deemed adequate given the trend in market interest rates. The strategy originally pursued was to transform part of bond issued from fixed-rate debt into variable-rate debt (six-month Euribor), using Interest Rate Swaps; subsequently, a structure was negotiated to ensure that the variable parameter could move only within the minimum and maximum limits of a contractually predetermine interval. In this way, Edison fully benefited from the economic advantage provided by the low interest rates that prevailed in recent years, while still being able to hedge the risk of a rise in interest rates above a predefined level.

Thanks to the derivatives executed, the "synthetic" rate that expresses Edison's true cost was lower than the fixed coupon rate of each of the bond issues outstanding.
The table below provides a sensitivity analysis that shows the impact on the income statement and shareholders' equity, respectively, of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in 2013 and provides a comparison with the corresponding data in 2012.

Sensitivity analysis	2013			12.31.2013		
(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	**69**	**60**	**48**	**-**	**-**	**-**

Sensitivity analysis	2012			12.31.2012		
(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	-	-	-

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 2013, Edison executed transactions of this type for a total of 1,902 million euros. At December 31, 2013, there were no assigned receivables that were still exposed to the risk of recourse.
When choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), Edison Spa deals only with entities with a high credit rating. At December 31, 2013, 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)	12.31.2013	12.31.2012
Gross trade receivables	1,146	1,316
Allowance for doubtful accounts (-)	(24)	(26)
Trade receivables	**1,122**	**1,290**
Guarantees held (*)	186	293
Receivables in arrears:		
- up to 6 months	18	32
- from 6 to 12 months	6	5
- past 12 months	31	32

(*) Including guarantees covering receivables outstanding at December 31, 2013 totaling 31 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	12.31.2013			12.31.2012		
(in millions of euros)	1 to 3 months	More than 3 up to 1 year	More than 1 year	1 to 3 mesi	More than 3 fino a 1 anno	More than 1 year
Bonds	16	753	1,186	16	53	1,955
Financial debt and other financial liabilities	46	76	1,075	4	1,152	82
Trade payables	949	29	-	1,088	22	-
Total	**1,011**	**858**	**2,261**	**1,108**	**1,227**	**2,037**
Guarantees provided to third parties(*)	**440**	**375**	**631**	**438**	**939**	**482**

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

The policy followed in 2013 to manage the liquidity risk made it possible both to provide the Company with access to sufficient facilities to meet short-term financial obligations and consolidated the sources of funds, while lengthening the average debt maturity.

The refinancing plan was launched in April 2013 with the execution of agreements for two new credit lines, for a total face amount of 1,400 euros, provided, respectively, by EDF Investissements Groupe Sa (for 800 million euros, drawn down for the full amount and repayable in a lump sum at maturity), due in seven years, and by EDF (for 600 million euros on a revolving basis), due in two years.

On July 10, 2013, in order to increase its level of financial flexibility, Edison entered into an agreement with a pool of banks for the provision, on a Club Deal basis, of a new Revolving Credit Facility in the amount of 500 million euros, maturing on January 7, 2015.

At December 31, 2013, a total of 1,100 million euros was available from the revolving credit lines; moreover, additional cash was potentially available (199 million euros) in the cash pooling current account that Edison established with EDF Sa.

As for the financial debt maturing within one year, amounting to 891 million euros, the main item is a bond issue with a face value of 700 million euros maturing on July 22, 2014. At December 31, 2013, Edison's liquidity situation was adequate, which, however, does not exclude the possibility that an appropriate assessment may be made, early in 2014, to determine whether new financial transactions may be appropriate.

The main components of the financial debt maturing after one year (amounting to 2,261 million euros) include bond issues totaling 1,225 million euros (face value of 1,100 million euros), the facility provided by EDF Investissements Groupe Sa for 800 million euros, and the amounts drawn from the medium/long-term direct line provided by the European Investment Bank (EIB) to finance gas storage projects, which totaled 137 million euros at December 31, 2013, including 100 million euros used starting on December 16, 2013. In December 2013, the EIB approved a facility of up to 200 million euros to support Edison in some E&P projects in Italy. This facility is expected to be finalized in the first half of 2014.

The table that follows provides a breakdown by maturity of the Group's gross financial debt at December 31, 2013. However, the amounts shown are not accurately indicative of the exposure to the liquidity risk because they do not reflect expected nominal cash flows, using instead amortized cost or fair value valuations.

(in thousands of euros)	12.31.2014	12.31.2015	12.31.2016	12.31.2017	12.31.2018	After 5 years	Total
Bonds	772,191	499,101	(729)	599,295	-	-	1,869,858
Financial debt and other financial liabilities due to outsiders	167,171	4,592	6,357	10,870	15,392	117,832	322,214
Gross financial liabilities due to outsiders	**939,362**	**503,693**	**5,628**	**610,165**	**15,392**	**117,832**	**2,192,072**
Gross intercompany financial debt	777,834	-	-	-	-	-	777,834
Gross financial debt due to EDF, the parent company	4,095	(933)	(794)	(815)	(839)	798,878	799,592
Total gross financial debt	**1,721,291**	**502,760**	**4,834**	**609,350**	**14,553**	**916,710**	**3,769,498**

6. Default Risk and Debt Covenants

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

The following three bond issues floated by Edison Spa (Euro Medium Term Notes) with a total face value of 1,800 million euros were outstanding at December 31, 2013:

Description	Issuer	Marketwhere traded	ISIN Code	Term (years)	Maturity	Face value (millions of euros)	Coupon	Current rate
EMTN 2009	Edison Spa	Luxembourg Stock Exch.	XS0441402681	5	07.22.2014	700	Fixed annual	4.250%
EMTN 2009	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 included non-syndicated facilities with a total face value of 1,597 million euros, 600 million euros of which were available at December 31, 2013, and the abovementioned revolving credit line of 500 million euros provided in July by 2013 by a pool of banks, which were unused at December 31, 2013.

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 from providing to the new bondholders 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 total indebtedness owed by Edison Group companies; 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 agreements for a syndicated credit line provided to Edison for the amount of 500 million euros and the intercompany facilities with EDF IG (800 million euros) and EDF SA (600 million euros) set forth 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 to 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 137 million euros was drawn during the 2013 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 credit line's loan agreement includes, in addition to clauses that are standard for direct long-term facilities, usage restrictions that the EIB imposes for special purpose facilities provided 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 13

The classification of financial instruments at fair value required by IFRS 13, which is determined based on the reliability of inputs used to measure fair value, uses the following hierarchical ranking:

- **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). Please note that, in the third quarter of 2013, a financial instrument was reclassified from Level 3 to level 2 in connection with periodic quarterly reassessments, because it was found to be a linear combination of Class 2 instruments.

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, 2013

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

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

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

A) Interest Rate and Foreign Exchange Rate Risk Management

(in thousands of euros)

		December 31, 2013	
	Fair Value Hierarchy (***)	Notional amount (*)	
		due within 1 year	due between 2 and 5 years
Interest rate risk management:			
- Cash Flow Hedges in accordance with IAS 39	-	-	-
- Fair Value Hedges in accordance with IAS 39	2	500,000	825,000
- contracts that do not qualify as hedges in in accordance with IAS 39	2	515,437	225,000
Total interest rate derivatives		**1.015.437**	**1.050.000**

		due within 1 year		due between 2 and 5 years	
		Receivable	Payable	Receivable	Payable
Foreign exchange rate risk management:					
- contracts that qualify as hedges in accordance with IAS 39:					
- on commercial transactions	2	2,055,763	(1,669,505)	716,330	(729,441)
- on financial transactions	2	92,270	(30,709)	-	-
- contracts that do not qualify as hedges in accordance with IAS 39:					
- on commercial transactions	2	1,205,697	(1,247,985)	464,356	(487,517)
- on financial transactions	2	93,476	(129,237)	93,804	-
Total foreign exchange rate derivatives		**3,447,206**	**(3,077,436)**	**1,274,490**	**(1,216,958)**

(*) 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 13."

December 31, 2013				December 31, 2012	
		Carrying amount (**)	Cumulative impact on the income statement (***)	Carrying amount (**)	Cumulative impact on the income statement (***)
due after 5 years	Total				
-	-	-	-	-	-
-	1,325,000	56,054	56,054	86,096	86,096
-	740,437	(9,162)	(9,162)	(22,667)	(22,667)
-	**2,065,437**	**46,892**	**46,892**	**63,429**	**63,429**

due after 5 years		Total					
Receivable	Payable	Receivable	Payable				
-	-	2,772,093	(2,398,946)	(76,495)	74	(76,373)	132
-	-	92,270	(30,709)	(996)	(996)	-	-
-	-	1,670,053	(1,735,502)	(65,167)	(65,167)	(29,789)	(29,789)
-	-	187,280	(129,237)	(654)	(654)	(4,230)	(4,230)
-	**-**	**4,721,696**	**(4,294,394)**	**(143,312)**	**(66,743)**	**(110,392)**	**(33,887)**

B) Commodity Risk Management

		December 31, 2013							December 31, 2012	
	Fair Value Hierarchy (****)	Notional amount (*)					Carrying amount (**) (in thousands of euros)	Cumulative impact on the income statement (***) (in thousands of euros)	Carrying amount (in thousands of euros)	Cumulative impact on the income statement (***) (in thousands of euros)
		Unit of measure	due within 1 year	due within 2 years	due after 2 years	Total				
Price risk management for energy products										
A. Cash Flow Hedges pursuant to IAS 39							**74,720**	**5,146**	**68,436**	**220**
- Natural gas	2	Millions of Therm	(395)	(10)	-	(405)	(3,549)	(117)	794	-
- LNG, crude oil	2	Barrels	15,367,830	9,689,800	-	25,0570,630	78,953	5,267	67,642	220
- CO_2	2	Millions of tons	5	3	-	8	(684)	(4)	-	-
B. Fair Value Hedges pursuant to IAS 39							**-**	**-**	**-**	**-**
C. Contracts that do not qualify as margin hedges pursuant to IAS 39:							**67,101**	**67,101**	**53,721**	**53,721**
- Electric power	2	TWh	9	7	-	16	10,232	10,232	39,335	39,335
- Natural gas	2	Millions of Therm	(424)	(1,158)	-	(1,582)	(38,876)	(38,876)	(300)	(300)
- LNG, crude oil	2	Barrels	9,792,495	6,053,200	-	15,845,695	95,745	95,745	14,686	14,686
TOTAL							**141,821**	**72,247**	**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 definitions see the section "Fair Value Hierarchy According to IFRS 13."

C) Trading Portfolio

		December 31, 2013							December 31, 2012	
	Fair Value Hierarchy (****)	Notional amount (*)					Carrying amount (**) (in thousands of euros)	Cumulative impact on the income statement (***) (in thousands of euros)	Carrying amount (in thousands of euros)	Cumulative impact on the income statement (***) (in thousands of euros)
		Unit of measure	due within 1 year	due within 2 years	due after 2 years	Total				
Trading portfolio										
Physical contracts							**1,334**	**1,334**	**(2,708)**	**(2,708)**
- Natural gas	2	Millions of Therm	40	(7)	-	33	1,334	1,334	(1,162)	(1,162)
Financial contracts							**(635)**	**(635)**	**3,213**	**3,213**
- Natural gas	2	Millions of Therm	5	-	-	5	(635)	(635)	3,213	3,213
TOTAL							**699**	**699**	**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 definitions see the section "Fair Value Hierarchy According to IFRS 13."

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

The disclosure provided below shows an analysis of the financial results generated by derivative and trading transactions in 2013, including the effects of physical energy commodity contracts.

(in thousands of euros)	2013					
	Realized during the period (A)	Fair value recognized for contracts outstanding at 12.31.12 (B)	*Portion of (B) contracts realized in 2013* (B1)	Fair value recognized for contracts outstanding at 12.31.13 (C)	Change in Fair Value in 2013 (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) (**)	94,841	344	305	6,244	5,900	100,741
- not definable as hedges pursuant to IAS 39	90,424	72,246	50,859	145,008	72,762	163,186
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH) (**)	-	701	268	149	(552)	(552)
- not definable as hedges pursuant to IAS 39	6,734	2,026	1,503	9,090	7.064	13,798
Margin on physical trading activities						
- Revenues from physical contracts included in the Trading Portfolios (***)	1,109,313	21,636	21,636	13,254	(8,382)	1,100,931
- Raw materials and services used from derivatives included in the Trading Portfolios (***)	(1,113,143)	(24,344)	(24,324)	(11,921)	12,423	(1,100,720)
Total margin on physical trading activities	*(3,830)*	*(2,708)*	*(2,688)*	*1,333*	*4,041*	*211*
Total (A)	**188,169**	**72,609**	**50,247**	**161,824**	**89,215**	**277,384**
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) (**)	(35,371)	(125)	(124)	(1,098)	(973)	(36,344)
- not definable as hedges pursuant to IAS 39	(35,006)	(18,525)	(14,816)	(77,907)	(59,382)	(94,388)
Exchange risk hedges for commodities						
- definable as hedges pursuant to IAS 39 (CFH) (*) (**)	(78,235)	(569)	(548)	(75)	494	(77,741)
- not definable as hedges pursuant to IAS 39	(32,990)	(31,816)	(21,816)	(74,257)	(42,441)	(75,431)
Margin on financial trading activities						
- Other revenues from derivatives included in the trading portfolios (****)	7,302	4,862	4,862	1,059	(3,803)	3,499
- Raw materials and services used from derivatives included in the Trading Portfolios (****)	(4,191)	(1,648)	(1,648)	(1,693)	(45)	(4,236)
Total margin on financial trading activities	**3,111**	**3,214**	**3,214**	**(634)**	**(3,848)**	**(737)**
Total (B)	**(178,491)**	**(47,821)**	**(34,090)**	**(153,971)**	**(106,150)**	**(284,641)**
TOTAL RECOGNIZED IN EBITDA (A+B)	**9,678**	**24,788**	**16,157**	**7,853**	**(16,935)**	**(7,257)**
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)	70,550	86,096	11,167	56,054	(30,042)	40,508
- not definable as hedges pursuant to IAS 39	17,594	3,495	16	3,553	58	17,652
Total financial income (C)	**88,144**	**89,591**	**11,183**	**59,607**	**(29,984)**	**58,160**
Financial expense						
- definable as hedges pursuant to IAS 39 (CFH)	-	-	-	-	-	-
- definable as hedges pursuant to IAS 39 (FVH)	(42,234)	-	-	-	-	(42,234)
- not definable as hedges pursuant to IAS 39	(28,981)	(26,162)	(474)	(12,553)	13,609	(15,372)
Total financial expense (D)	**(71,215)**	**(26,162)**	**(474)**	**(12,553)**	**13,609**	**(57,606)**
Margin on interest rate hedging transactions (C+D)=(E)	**16,929**	**63,429**	**10,709**	**47,054**	**(16,375)**	**554**
Foreign exchange rate hedges broken down as follows:						
Foreign exchange gains						
- definable as hedges pursuant to IAS 39	32,707	-	-	549	549	33.256
- not definable as hedges pursuant to IAS 39	33,777	209	209	1,595	1.386	35.163
Total foreign exchange gains (F)	**66,484**	**209**	**209**	**2,144**	**1.935**	**68.419**
Foreign exchange losses						
- definable as hedges pursuant to IAS 39	(33,505)	-	-	(1,545)	(1.545)	(35.050)
- not definable as hedges pursuant to IAS 39	(27,378)	(4,439)	(4,312)	(2,249)	2.190	(25.188)
Total foreign exchange losses (G)	**(60,883)**	**(4,439)**	**(4,312)**	**(3,794)**	**645**	**(60.238)**
Margin on foreign exchange hedging transactions (F+G)= (H)	**5,601**	**(4,230)**	**(4,103)**	**(1,650)**	**2.580**	**8.181**
TOTAL INCLUDED IN NET FINANCIAL INCOME (EXPENSE) (see Note 8 to the Income Statement)	**22,530**	**59,199**	**6,606**	**45,404**	**(13.795)**	**8.735**

(*) 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, 2013 and their classification in accordance with the fair value hierarchy according to IFRS 13:

(in thousands of euros)	12.31.2013		12.31.2012	
	Receivables	Payables	Receivables	Payables
Transactions on:				
- interest rates	59,445	(12,553)	89,698	(26,352)
- foreign exchange	16,088	(159,400)	10,355	(120,620)
- commodities	232,297	(90,476)	165,489	(43,333)
- commodities	14,313	(13,614)	26,498	(25,992)
Fair value recognized as a current asset or a current liability (a)	**322,143**	**(276,043)**	**292,040**	**(216,297)**
Recognized as:				
- Trade receivables and payables	13,254	(11,921)	21,636	(24,344)
- Other receivables and payables	249,444	(251,569)	180,706	(165,601)
- Current financial assets or Short-term financial debt	59,445	(12,553)	89,698	(26,352)
IFRS 7 potential offsetting (b)	**(129,613)**	**129,613**		
Net potential fair value (a+b)	**192,530**	**(146,430)**		

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 6,995,000 euros (negative by 8,289,000 euros at December 31, 2012), 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 at December 31, 2013 and, for comparative purposes at December 31, 2012, showing the valuation criteria applied and, in the case of financial instruments measured at fair value, whether gains or losses were recognized in earnings or in equity and their classification on the fair value hierarchy, completes the disclosures required by IFRS 7. The last column in the table shows, if applicable, the fair value of financial instruments at the end of the reporting year.

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.

Situation at December 31, 2013

(in thousands of euros) Criteria applied to value financial instruments in the financial statements

Financial instrument type	Financial instruments measured at fair value							Financial instruments valued at amortized cost (B)	Equity invest-ments valued at cost (C)	Carrying amount at 12.31.2013 (A+B+C)	Fair Value at 12.31.2013
	with change in fair value recognized in:			Total Fair Value (A)	Fair Value hierarchy (notes a, b, c)						
	earnings	equity			1	2	3				
	(a)	(b)	(c)					(d)	(e)		
ASSETS											
Available-for-sale equity investments, including:											
- unlisted securities	171,758	-	-	**171,758**	-	-	171,758	**-**	**4,924**	**176,682**	nd
- listed securities	-	-	6,179	**6,179**	6,179	-	-	**-**	**-**	**6,179**	6,179
										182,861	
Other financial assets (h)	-	-	-	**-**	-	-	-	**11,451**	**-**	**11,451**	11,451
Other assets (i)	-	-	-	**-**	-	-	-	**176,635**	**-**	**176,635**	176,635
Trade receivables (h) (i)	13,254	-	-	**13,254**	-	13,254	-	**1,108,640**	**-**	**1,121,894**	1,121,894
Other receivables (f) (i)	163,694	85,750	-	**249,444**	-	249,444	-	**247,712**	**-**	**497,156**	496,959
Current financial assets (f) (g) (i)	66,085	-	-	**66,085**	6,640	59,445	-	**2,638,475**	**-**	**2,704,560**	2,704,560
Cash and cash equivalents (i)	-	-	-	**-**	-	-	-	**318,529**	**-**	**318,529**	318,529
LIABILITIES											
Bonds	1,845,164	-	-	**1.845,164**	-	1,845,164	-	**24,694**	**-**	**1,869,858**	1,934,935
Financial debt (f) (i)	12,553	-	-	**12,553**	-	12,553	-	**1,887,087**	**-**	**1,899,640**	1,919,460
Trade payables (h) (i)	11,921	-	-	11,921	-	11,921	-	**966,254**	**-**	**978,175**	978,175
Other liabilities (f) (i)	158,824	92,746	-	**251,570**	-	251,570	-	**138,941**	**-**	**390,511**	390,511

(a) Assets and liabilities measured at fair value, with changes in fair value recognized in earnings.
(b) Cash flow hedges derivatives.
(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.

Situation at December 31, 2012

(in thousands of euros)

Criteria applied to value financial instruments in the financial statements

Financial instrument type	Financial instruments measured at fair value							Financial instruments valued at amortized cost (B)	Equity invest-ments valued at cost (C)	Carrying amount at 12.31.2012 (A+B+C)	Fair Value at 12.31.2012
	with change in fair value recognized in:			Total fair value (A)	Fair value hierarchy (notes a, b, c)						
	earnings	equity			1	2	3				
	(a)	(b)	(c)				(l)	(d)	(e)		
ASSETS											
Available-for-sale equity investments, including:											
- unlisted securities	179,128	-	-	**179,128**	-	-	179,128	**-**	**4,947**	**184,075**	nd
- 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 derivatives.
(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 recognized for -649,000 euros in the physical trading margin, for 2.626,000 euros in the financial trading margin, for -648,000 euros in sales revenues and for 2.626,000 euros in other revenue and income.

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

Consistent with the applicable policies adopted by the Group, transactions with related parties affecting the income statement and balance sheet that were outstanding at December 31, 2013 are reviewed below. as required 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. Related-party transactions are listed in the table below:

(in thousands of euros)	Related Parties pursuant to IAS 24					
	With Edison Group companies	With controlling companies	With other EDF Group companies	**Total for related parties**	Total for financial statem. line item	Impact %
Balance Sheet transactions:						
Investments in associates	1,383,546	-	-	**1,383,546**	1,383,546	100.0%
Trade receivables	506,111	126	59,256	**565,493**	1,121,894	50.4%
Other receivables	81,527	72,585	2,157	**156,269**	497,156	31.4%
Current financial assets	2,638,475	-	-	**2,638,475**	2,704,560	97.6%
Cash and cash equivalents	-	214,693	-	**214,693**	318,529	67.4%
Provision for risks and charges	829	-	-	**829**	754,012	0.1%
Financial debt and other fin. Liabilities	-	-	795,497	**795,497**	950,540	83.7%
Current financial debt	777,834	-	4,095	**781,929**	949,100	82.4%
Trade payables	1,692	-	24,477	**26,169**	978,175	2.7%
Other payables	8,217	2,635	-	**10,852**	390,697	2.8%
Income Statement transactions:						
Sales revenues	2,202,582	316	138,314	**2,341,212**	5.601,005	41.8%
Other revenues and income	74,545	582	4,608	**79,735**	642,059	12.4%
Raw materials and services used	77,695	18,629	3,806	**100,130**	6.044,674	1.7%
Financial income	64,581	-	1	**64,582**	128,213	50.4%
Financial expense	10,901	3,985	16,366	**31,252**	172,987	18.1%
Foreign exchange gains and losses	-	(3,095)	-	**(3,095)**	7,267	n.s.
Income from equity investments	260,962	-	-	**260,962**	289,948	90.0%
Expense on equity investments	59,157	-	-	**59,157**	62,737	94.3%

Intercompany Transactions and with the Controlling Companies

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

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

With the exception of transactions related to the VAT Pool and the consolidated corporate income tax return, which are executed first of all 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.



The Perro Negro 8 drilling rig
at the Rospo Mare oil field,
in the Central Adriatic Sea.

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. The settlement for December 2013 shows a net credit balance owed by the revenue administration of about 16,509,000 euros.

Consolidated Corporate Income Tax (IRES) Return

In 2012, Edison and its main subsidiaries renewed the option of filing a consolidated corporate income tax (IRES) return, headed by the controlling company Transalpina di Energia Srl (TdE), for the three-year period from 2012 to 2014. Further to the changes that occurred in the stock ownership of TdE in 2012, which resulted in EDF SA acquiring control of Edison, TdE's entire share capital was acquired by WGRM Holding 4 Spa (WGRM), the Italian subholding of the EDF Group, which also owns the investment in Fenice Spa.
Consequently, TdE opted to join the consolidated tax return filed by WGRM, its controlling company, thereby automatically cancelling the consolidated IRES return that it headed, which had been renewed in 2012.

Starting in 2013 and for the three-year period from 2013 to 2015, Edison Spa and its main subsidiaries also opted to join the consolidated IRES return filed by WGRM. Notices of the dissolution of the preexisting consolidated return by TdE and of the choice of the option for a new 2013-2015 consolidated return by WGRM were formally given in June. Also in June, further to the resolutions adopted by the companies involved, new agreements governing transactions between the companies included in the new scope of IRES consolidation, which basically incorporate the existing stipulation, were formalized. The companies that agreed to be included in the consolidated IRES return will determine their IRES liability in coordination with the parent company.
Please note that Group companies that operate primarily in the sectors of hydrocarbon exploration and development, production and distribution, transmission or distribution of natural gas, and production and distribution of electric power, including power generated from renewable sources, are subject to a corporate

income tax surcharge, which has been set at 10.5% also for 2013. The affected companies are required to pay the surcharge directly, even if they are included in the filing of a consolidated IRES return.

Centralized Cash Management System by EDF Sa

It is worth mentioning that on September, 27 2012, EDF Sa and Edison Spa executed a framework agreement for centralized cash management services, pursuant to which EDF manage the surplus cash and cash needs of the Edison Group, with the aim of optimizing short-term cash flows. At December 31, 2013, the current account established with EDF Sa has a positive balance for about 215,000,000 euros.

Loan by EDF Sa

In April EDF Sa granted to Edison Spa a credit line for a face amount of 600 million euros, maturing on April 9, 2015. This credit line was unused at December 31, 2013. The loan was provided on terms in line with those granted in the financial market to companies with Edison's credit rating.
With regard to the contracts for the provision of services by EDF Sa (mainly financial and insurance), the cost for the year amounted to about 19 million euros.

Transactions with other EDF Group Companies

Transactions with other EDF Group companies consist mainly of commercial and financial transactions. In all instances, they are transactions executed in the normal course of business and are governed by terms stipulated by the parties in line with standard market practice. The main transactions are briefly reviewed below.

1) Commercial Transactions

As shown in the summary schedule, these transactions mainly refer to revenues from sales of natural gas, electric power and transmission services and the rebilling of maintenance costs.
As for balance sheet positions resulting from the transactions reviewed above, please note that those related to the consolidated corporate income tax return are included in Other receivables.

2) Financial Transactions

It is worth mentioning that in April 2013 EDF Investissement Groupe Sa, an EDF Group company that handles long-term funding for Group companies, provided Edison Spa with a long-term loan for a face amount of 800 million euros and with maturity on April 9, 2020, which had been drawn down in full at December 31, 2013. The loan was provided on terms in line with those granted in the financial market to companies with Edison's credit rating.

OTHER INFORMATION

Significant Nonrecurring Events and Transactions

The following disclosure is being provided pursuant to the CONSOB Communication No. DEM/6064293 of July 28, 2006:

- in April 2013, the Court of Arbitration of the Paris International Chamber of Commerce deliberated its award in the arbitration between Edison and Sonatrach for the revision of the price of the long-term contract for natural gas from Algeria;
- in July 2013, as part of a second round of renegotiations, commercial agreements were signed for the revision of long-term contracts to import natural gas from Qatar and Algeria

These transactions generated a positive effect on EBITDA that, counting retrospective benefits, amounted to about 813 million euros.

Transactions Resulting from Atypical and/or Unusual Activities

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

Treasury Shares

At December 31, 2013, the Compay did not hold any treasury shares.

Compensation, Stock Options and Equity Investments of Directors, Executives and Statutory Auditors

For information concerning:

- the compensation of Directors and Statutory Auditors;
- stock options awarded to Directors;
- equity investments of Directors;

please consult the Annual Compensation Report.

SIGNIFICANT EVENTS OCCURRING AFTER DECEMBER 31, 2013

No significant event requiring disclosure occurred after December 31, 2013.

Milan, February 12, 2014

The Board of Directors
By Bruno Lescoeur
Chairman

LIST OF EQUITY INVESTMENTS AT DECEMBER 31, 2013

A detail of the Altomonte (CS) 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 12.31.2012		Eur	100,000	-
Balance at 12.31.2013		Eur	100,000	-
Atema Ltd	**Dublin (Ireland)**			
Balance at 12.31.2012		Eur	1,500,000	0.50
Balance at 12.31.2013		Eur	1,500,000	0.50
CSE Srl (single shareholder)	**(*) Pavia**			
Balance at 12.31.2012		Eur	12,440	-
Balance at 12.31.2013		Eur	12,440	-
Dolomiti Edison Energy Srl	**Trento**			
Balance at 12.31.2012		Eur	5,000,000	-
Balance at 12.31.2013		Eur	5,000,000	-
DS Smith Paper Italia Srl (single shareholder)	**(*) Milan**			
Balance at 12.31.2012		Eur	-	-
Newly established company		Eur	10,000	-
Balance at 12.31.2013		Eur	10,000	-
Ecofuture Srl (single shareholder)	**(*) Milan**			
Balance at 12.31.2012		Eur	10,200	-
Liquidation		Eur	(10,200)	
Balance at 12.31.2013		Eur	-	-
Edison D.G. Spa (single shareholder)	**(*) Selvazzano Dentro (PD)**			
Balance at 12.31.2012		Eur	460,000	1.00
Balance at 12.31.2013		Eur	460,000	1.00
Edison Energia Spa (single shareholder)	**(*) Milan**			
Balance at 12.31.2012		Eur	22,000,000	1.00
Shareholders' advance on capital contributions		Eur		
Writedown		Eur	-	-
Balance at 12.31.2013		Eur	22,000,000	1.00
Edison Energie Speciali Spa (single shareholder)	**(*) Milan**			
Balance at 12.31.2012		Eur	4,200,000	1.00
Balance at 12.31.2013		Eur	4,200,000	1.00
Edison Engineering Sa	**Athens (Greece)**			
Balance at 12.31.2012		Eur	260,001	3,00
Balance at 12.31.2013		Eur	260,001	3,00
Edison Gas and Power Romania Srl	**Bucarest (Romania)**			
Balance at 12.31.2012		Ron	8,400,000	100
Balance at 12.31.2013		Ron	8,400,000	100
Edison Hellas Sa	**Athens (Greece)**			
Balance at 12.31.2012		Eur	263,700	2.93
Balance at 12.31.2013		Eur	263,700	2.93

[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]	Shareholders' 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	6,358,255	5,086,604	2,563,800	2,051,040
100.000	3,000,000	1,381,681	-	1,381,681				
100.000	3,000,000	1,381,681	-	1,381,681	2,025,880	2,025,880	(56,256)	(56,256)
100.000	12,440	1,756,892	-	1,756,892				
100.000	12,440	1,756,892	-	1.756,892	663,932	663,932	416,679	416,679
49.000	2,450,000	8,187,900	-	8,187,900				
49.000	2,450,000	8,187,900	-	8,187,900	24,305,089	11,909,493	6,524,554	3,197,032
-	-	-	-	-				
100.000	10,000	10,000	-	10,000				
100.000	10,000	10,000	-	10,000	10,000	10,000	-	-
100.000	10,200	688,801	(675,144)	13,657				
(100.000)	(10,200)	(688,801)	675,144	(13,657)				
-	-	-	-	-	-	-	-	-
100.000	460,000	38,512,802	-	38,512,802				
100.000	460,000	38,512,802	-	38,512,802	42,239,601	42,239,601	7,064,668	7,064,668
100.000	22,000,000	83,444,519	(3,868,128)	79,576,391				
		40,000,000		40,000,000				
-	-	-	(27,000,000)	(27,000,000)				
100.000	22,000,000	123,444,519	(30,868,128)	92,576,391	46,581,197	46,581,197	(54,466,890)	(54,466,890)
100.000	4,200,000	205,342,755	-	205,342,755				
100.000	4,200,000	205,342,755	-	205,342,755	140,991,432	140,991,432	15,770,904	15,770,904
100.000	86,667	260,001	-	260,001				
100.000	86,667	260,001	-	260,001	292,385	292,385	(32,109)	(32,109)
1.000	840	19,321	-	19,321				
1.000	840	19,321	-	19,321	1,830,194	18,302	(27,063)	(271)
100.000	90,000	187,458	(8,000)	179,458				
100.000	90,000	187,458	(8,000)	179,458	232,366	232,366	85,519	85,519

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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 Idrocarburi Sicilia Srl (single shareholder)	**(*) Ragusa**			
Balance at 12.31.2012		Eur	10,000	-
Writedown		Eur	-	-
Balance at 12.31.2013		Eur	10,000	-
Edison International Spa	**(*) Milan**			
Balance at 12.31.2012		Eur	75,000,000	1.00
Balance at 12.31.2013		Eur	75,000,000	1.00
Edison International Holding NV	**Amsterdam (Netherlands)**			
Balance at 12.31.2012		Eur	73,500,000	1.00
Share capital increase		Eur	50,000,000	1.00
Writedown		Eur	-	-
Balance at 12.31.2013		Eur	123,500,000	1.00
Edison Stoccaggio Spa (single shareholder)	**(*) Milan**			
Balance at 12.31.2012		Eur	90,000,000	1.00
Balance at 12.31.2013		Eur	90,000,000	1.00
Edison Trading Spa (single shareholder)	**(*) Milan**			
Balance at 12.31.2012		Eur	30,000,000	1.00
Balance at 12.31.2013		Eur	30,000,000	1.00
Euroil Exploration Ltd	**London (England)**			
Balance at 12.31.2012		GBP	9,250,000	1.00
Balance at 12.31.2013		GBP	9,250,000	1.00
Gever Spa (pledged shares)	**Milan**			
Balance at 12.31.2012		Eur	10,500,000	1,000.00
Writedown		Eur	-	-
Balance at 12.31.2013		Eur	10,500,000	1,000.00
Hydros Srl	**Bolzano**			
Balance at 12.31.2012		Eur	30,018,000	-
Balance at 12.31.2013		Eur	30,018,000	-
Jesi Energia Spa	**(*) Milan**			
Balance at 12.31.2012		Eur	5,350,000	1.00
Writedown		Eur	-	-
Balance at 12.31.2013		Eur	5,350,000	1.00
Infrastrutture Trasporto Gas Spa (single shareholder)	**Milan**			
Balance at 12.31.2012		Eur	10,000,000	1.00
Balance at 12.31.2013		Eur	10,000,000	1.00
Nuova Alba Srl (single shareholder)	**(*) Milan**			
Balance at 12.31.2012		Eur	2,016,457	-
Writedown		Eur	-	-
Balance at 12.31.2013		Eur	2,016,457	-
Nuova C.I.S.A. Spa in liquidation (single shareholder)	**(*) Milan**			
Balance at 12.31.2012		Eur	1,549,350	1.00
Balance at 12.31.2013		Eur	1,549,350	1.00

(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	10,000	30,000	(14.426)	15,574				
-	-	-	(3,574)	(3,574)				
100.000	10,000	30,000	(18,000)	12,000	12,926	12,926	(2,649)	(2,649)
100.000	75,000,000	656,321,794	(251,000,000)	405,321,794				
100.000	75,000,000	656,321,794	(251,000,000)	405,321,794	415,395,161	415,395,161	18,596,485	18,596,485
100.000	73,500,000	225,687,200	(56,694,934)	168,992,266				
100.000	50,000,000	84,400,000	-	84,400,000				
-	-	-	(16,000,000)	(16,000,000)				
100.000	123,500,000	310,087,200	(72,694,934)	237,392,266	171,209,834	171,209,834	(7,118,991)	(7,118,991)
100.000	90,000,000	134,280,847	-	134,280,847				
100.000	90,000,000	134,280,847	-	134,280,847	176,477,348	176,477,348	17,803,983	17,803,983
100.000	30,000,000	30,000,000	-	30,000,000				
100.000	30,000,000	30,000,000	-	30,000,000	319,963,928	319,963,928	211,433,837	211,433,837
0.000	1	950	-	950				
0.000	1	950	-	950	10,727,991	1	114,965	-
51.000	5,355	24,055,699	(13,500,000)	10,555,699				
-	-	-	(850,000)	(850,000)				
51.000	5,355	24,055,699	(14,350,000)	9,705,699	27,820,610	14,188,511	1,782,420	909,034
40.000	12,007,200	33,379,456	-	33,379,456				
40.000	12,007,200	33,379,456	-	33,379,456	101,418,736	40,567,494	9,630,836	3,852,334
70.000	3,745,000	15,537,145	(5,311,000)	10,226,145				
-	-	-	(1,500,000)	(1,500,000)				
70.000	3,745,000	15,537,145	(6,811,000)	8,726,145	11,897,865	8,328,506	(3,908,072)	(2,735,651)
100.000	10,000,000	32,336,454	(32,330)	32,304,124				
100.000	10,000,000	32,336,454	(32,330)	32,304,124	36,935,201	36,935,201	4,573,601	4,573,601
100.000	2,016,457	28,448,550	(26,383,284)	2,065,266				
-	-	-	(2,065,266)	(2,065,266)				
100.000	2,016,457	28,448,550	(28,448,550)	-	(829,399)	(829,399)	(2,894,665)	(2,894,665)
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	4,554,898	4,554,898	143,328	143,328

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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
Presenzano Energia Srl	**(*) Milan**			
Balance at 12.31.2012		Eur	120,000	-
Shareholders' advance on capital contributions		Eur	-	-
Writedown		Eur	-	-
Balance at 12.31.2013		Eur	120,000	-
Sistemi di Energia Spa	**(*) Milan**			
Balance at 12.31.2012		Eur	10,083,205	1.00
Balance at 12.31.2013		Eur	10,083,205	1.00
Società Generale per Progettazioni Consulenze e Partecipazioni Spa (under extraordinary administration)	**Rome**			
Balance at 12.31.2012		Lit	300,000,000	10,000.00
Balance at 12.31.2013		Lit	300,000,000	10,000.00
Termica Cologno Srl	**(*) Milan**			
Balance at 12.31.2012		Eur	9,296,220	-
Balance at 12.31.2013		Eur	9,296,220	-
Termica Milazzo Srl	**(*) Milan**			
Balance at 12.31.2012		Eur	23,241,000	-
Writedown		Eur	-	-
Balance at 12.31.2013		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
90.000	108,000	195,540	(123,925)	71,615				
-	-	36,385	-	36,385				
-	-	-	(36,000)	(36,000)				
90.000	108,000	231,925	(159,925)	72,000	79,554	71,598	(40,446)	(36,402)
86.122	8,683,878	4,249,906	4,150,094	8,400,000				
86.122	8,683,878	4,249,906	4,150,094	8,400,000	11,336,093	9,762,870	1,610,945	1,387,378
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	11,721,453	7,618,945	101,085	65,705
60.000	13,944,600	69,957,191	(29,000,000)	40,957,191				
-	-	-	(10,300,000)	(10,300,000)				
60.000	13,944,600	69,957,191	(39,300,000)	30,657,191	40,870,773	24,522,464	(2,725,228)	(1,635,137)
		1,752,690,338	**(441,427,369)**	**1,311,262,969**				

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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
A2. Equity Investments in Joint Ventures (°) and Affiliated Companies				
Coniel Spa in liquidation	**Rome**			
Balance at 12.31.2012		Eur	1,020	0.51
Balance at 12.31.2013		Eur	1,020	0.51
EL.I.T.E. Spa	**Milan**			
Balance at 12.31.2012		Eur	3,888,500	1.00
Balance at 12.31.2013		Eur	3,888,500	1.00
Eta 3 Spa	**Arezzo**			
Balance at 12.31.2012		Eur	2,000,000	1.00
Balance at 12.31.2013		Eur	2,000,000	1.00
Ibiritermo Sa (pledged shares)	**Ibiritè (Brazil)**			
Balance at 12.31.2012		BRL	7,651,814	1.00
Balance at 12.31.2013		BRL	7,651,814	1.00
Inica - Soc. de iniciativas e industrias Sa	**Lisbon (Portugal)**			
Balance at 12.31.2012		PTE	1,000,000	-
Liquidation		PTE	(1,000,000)	
Balance at 12.31.2013		PTE	-	-
Iniziativa Universitaria 1991 Spa	**Varese**			
Balance at 12.31.2012		Eur	16,120,000	520.00
Writedown		Eur	-	-
Balance at 12.31.2013		Eur	16,120,000	520.00
Kraftwerke Hinterrhein (KHR) Ag	**Thusis (Switzerland)**			
Balance at 12.31.2012		CHF	100,000,000	1,000.00
Balance at 12.31.2013		CHF	100,000,000	1,000.00
Nuova ISI Impianti Selez. Inerti Srl in bankruptcy	**Vazia (RI)**			
Balance at 12.31.2012		Lit	150,000,000	-
Balance at 12.31.2013		Lit	150,000,000	-
Sel-Edison Spa	**Castelbello (BZ)**			
Balance at 12.31.2012		Eur	84,798,000	1.00
Balance at 12.31.2013		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 12.31.2012		Eur	37,242,300	1.00
Share capital increase		Eur	176,879	1.00
Writedown		Eur	-	-
Balance at 12.31.2013		Eur	37,419,179	1.00
Syremont Spa	**Messina**			
Balance at 12.31.2012		Eur	1,250,000.00	1.00
Balance at 12.31.2013		Eur	1,250,000.00	1.00
Total A2. Equity investments in affiliated companies				
Total A. Equity investments				

(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	40,112,000	20,056,000	12,739,000	6,369,500
20.000	200,000	1	-	1				
(20.000)	(200,000)	(1)	-	(1)				
-	-	-	-	-	-	-	-	-
32.258	10,000	4,405,565	(51,645)	4,353,920				
-	-	-	(22,839)	(22,839)				
32.258	10,000	4,405,565	(74,484)	4,331,081	-	-	-	-
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	96,763,416	40,640,635	6,188,404	2,599,130
20.809	7,749,845	21,047,121	(3,645,000)	17,402,121				
23.530	41,619	416,190	-	416,190				
-	-	-	(550,000)	(550,000)				
20.822	7,791,464	21,463,311	(4,195,000)	17,268,311	-	-	-	-
24.000	300,000	400	-	400				
24.000	300,000	400	-	400	-	-	-	-
		76,552,903	**(4,269,484)**	**72,283,419**				
		1,829,243,241	**(445,696,853)**	**1,383,546,388**				

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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
B. Equity Investments Held for Sale				
Aquapur Multiservizi Spa	**Porcari (Lu)**			
Balance at 12.31.2012		Eur	1,073,677	5.16
Balance at 12.31.2013		Eur	1,073,677	5.16
Compagnia Paramatti Finanziaria Spa	**Milan**			
Balance at 12.31.2012		Lit.	268,611,102	3.00
Dissolution		Lit.	(268,611,102)	(3.00)
Balance at 12.31.2013		Lit.	-	-
Consorzio Industriale Depurazione	**Lucca**			
Balance at 12.31.2012		Eur	45,965	-
Balance at 12.31.2013		Eur	45,965	-
Costruttori Romani Riuniti Spa	**Rome**			
Balance at 12.31.2012		Eur	3,274,429	8,186.07
Dissolution		Eur	3,274,429	8,186.07
Balance at 12.31.2013		Eur	-	-
Emittenti Titoli Spa	**Milan**			
Balance at 12.31.2012		Eur	4,264,000	0.52
Balance at 12.31.2013		Eur	4,264,000	0.52
European Energy Exchange Ag - EEX	**Leipzig (Germany)**			
Balance at 12.31.2012		Eur	40,050,000	1.00
Balance at 12.31.2013		Eur	40,050,000	1.00
Finligure Spa (in bankruptcy)	**Genoa**			
Balance at 12.31.2012		Lit.	6,261,874,080	3.135
Balance at 12.31.2013		Lit.	6,261,874,080	3.135
Istituto Europeo di Oncologia Srl	**Milan**			
Balance at 12.31.2012		Eur	80,579,007	-
Balance at 12.31.2013		Eur	80,579,007	-
I.SV.E.UR. Spa	**Rome**			
Balance at 12.31.2012		Eur	2.500.000	1.000,00
Balance at 12.31.2013		Eur	2.500.000	1.000,00
Mandelli Spa (under extraordinary administration)	**Piacenza**			
Balance at 12.31.2012		Eur	10,200,000	0.51
Balance at 12.31.2013		Eur	10,200,000	0.51
Nomisma - Società di studi economici Spa	**Bologna**			
Balance at 12.31.2012		Eur	6,605,830	0.32
Writedown		Eur	-	-
Balance at 12.31.2013		Eur	6,605,830	0.32
Orione - Soc. Ind. per Sic. e Vig. Cons. per Azioni	**Turin**			
Balance at 12.31.2012		Eur	120,000	1.00
Balance at 12.31.2013		Eur	120,000	1.00
Pro.Cal Scrl (in bankruptcy)	**Naples**			
Balance at 12.31.2012		Lit	500,000,000	-
Balance at 12.31.2013		Lit	500,000,000	-

(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)
0.275	573	1	-	1
0.275	573	1	-	1
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	-	-	-
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
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
0.000	11	13	(12)	1
0.000	11	13	(12)	1
1.566	320,000	479,473	(372,000)	107,473
-	-	-	(23,358)	(23,358)
1.566	320,000	479,473	(395.358)	84.115
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

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LIST OF EQUITY INVESTMENTS (continued)

Company	Head office	Share capital Currency	Amount	Par value per share
Prometeo Spa	**Osimo (AN)**			
Balance at 12.31.2012		Eur	2,292,436	1.00
Balance at 12.31.2013		Eur	2,292,436	1.00
RCS Mediagroup Spa	**Milan**			
Balance at 12.31.2012:				
- common shares		Eur	732,669,457	1.00
- class A savings shares		Eur	29,349,593	1.00
		Eur	762,019,050	1.00
Covering losses				
- common shares - reverse stock split 3 new shares for every 20 old shares		Eur	(622,769,041)	-
- class A saving shares		Eur	-	-
		Eur	(622,769,041)	-
Share capital increase				
- common shares - 3 new shares for each share held		Eur	379,393,657	-
- class A saving shares		Eur	(3,144,149)	-
- class B savings shares		Eur	69,535,501	-
		Eur	445,785,009	-
Mark to market				
- common shares		Eur		-
- class A saving shares		Eur	-	-
- class B savings shares		Eur	-	-
		Eur	-	-
Balance at 12.31.2013:				
- common shares (shares lacking par value)		Eur	379,393,657	-
- class A savings shares (shares lacking par value)		Eur	26,205,444	-
- class B savings sharess (shares lacking par value)		Eur	69,535,501	-
		Eur	475,134,602	-
Reggente Spa	**Lucera (FG)**			
Balance at 12.31.2012		Eur	260,000	0.52
Balance at 12.31.2013		Eur	260,000	0.52
Sirio - Sicurezza Industriale Scpa - Sirio Scpa	**Turin**			
Balance at 12.31.2012		Eur	120,000	1.00
Balance at 12.31.2013		Eur	120,000	1.00
Sistema Permanente di Servizi Spa (in bankruptcy)	**Rome**			
Balance at 12.31.2012		Eur	154,950	51.65
Balance at 12.31.2013		Eur	154,950	51.65
Terminale GNL Adriatico Srl	**Milan**			
Balance at 12.31.2012		Eur	200,000,000	-
Reimbursement of advance on future capital contributions		Eur	-	-
Balance at 12.31.2013		Eur	200,000,000	-
Total B. Equity investments held for sale valued at cost				

(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]
17.760	407,136	451,289	-	451,289
17.760	407,136	451,289	-	451,289
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
-	(6,631,630)	(26,365,303)	21,372,077	(4,993,226)
-	-	-	-	-
-	(6,631,630)	(26,365,303)	21,372,077	(4,993,226)
-	3,510,864	4,335,917	-	4,335,917
-	-	-	-	-
-	-	-	-	-
-	3,510,864	4,335,917	-	4,335,917
-	-	-	(2,954,977)	(2,954,977)
-	-	-	-	-
-	-	-	-	-
-	-	-	(2,954,977)	(2,954,977)
1.102	4,681,152	9,134,098	(2,954,977)	6,179,121
-	-	-	-	-
-	-	-	-	-
0.880	4,681,152	9,134,098	(2,954,977)	6,179,121
5.209	26,043	13,450	-	13,450
5.209	26,043	13,450	-	13,450
0.259	311	27	-	27
0.259	311	27	-	27
12.600	378	1	-	1
12.600	378	1	-	1
7.237	14,594,000	185,303,288	(6,174,950)	179,128,338
-	-	(7,369,970)	-	(7,369,970)
7.237	14,594,000	177,933,318	(6,174,950)	171,758,368
		192,948,072	**(10,087,210)**	**182,860,862**

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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 12.31.2012		Eur	283,690,763	5.16
Cancellation upon acceptance of exchange offer and exchange for Hera shares		Eur	(283,690,763)	(5.16)
Balance at 12.31.2013		Eur	-	-
Hera Spa Bologna	**Trieste**			
Balance at 12.31.2012		Eur	-	-
Increase due to acceptance of exchange offer for Agegas Aps shares		Eur	1,340,383,538	1.00
Share capital increase		Eur	80,959,079	1.00
Mark-to-market adjustment		Eur	-	-
Balance at 12.31.2013		Eur	1,421,342,617	1.00
ACSM - AGAM Spa	**Monza**			
Balance at 12.31.2012		Eur	76,619,105	1.00
Mark-to-market adjustment		Eur	-	-
Balance at 12.31.2013		Eur	76,619,105	1.00
American Superconductor Corp.	**Devens (United States)**			
Balance at 12.31.2012		Usd	545,195	0.01
Share capital increase		Usd	86,053	-
Mark-to-market adjustment		Usd	-	-
Balance at 12.31.2013		Usd	631,248	0.01
Total C. Equity investments held for trading				

(1) Amounts in euros.

% interest held	No. of shares or capital interests held	Cost	Mark-to-market adjustment	Net carrying value
1.295	712,000	7,466,306	(3,696,266)	3,770,040
(1.295)	(712,000)	(7,466,306)	3,696,266	(3,770,040)
-	-	-	-	-
-	-	-	-	-
0.221	2,961,882	3,770,040	-	3,770,040
-	-	-	1,117,065	1,117,065
-	2,961,882	3,770,040	1,117,065	4,887,105
1.942	1,488,000	5,360,000	(4,444,880)	915,120
-	-	-	647,280	647,280
1.942	1,488,000	5,360,000	(3,797,600)	1,562,400
0.293	160,000	4,975,111	(4,657,391)	317,720
-	-	-	-	-
-	-	-	(127,451)	(127,451)
0.253	160,000	4,975,111	(4,784,842)	190,269
		14,105,151	**(7,465,377)**	**6,639,774**

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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," and Didier Calvez and Roberto Buccelli, in our capacity as "Dirigenti Preposti alla redazione dei documenti contabili societari," employees of Edison Spa, taking into account the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998, certify that the administrative and accounting procedures applied to prepare the Statutory Financial Statements for the period from January 1, 2013 to December 31, 2013:

   - 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.

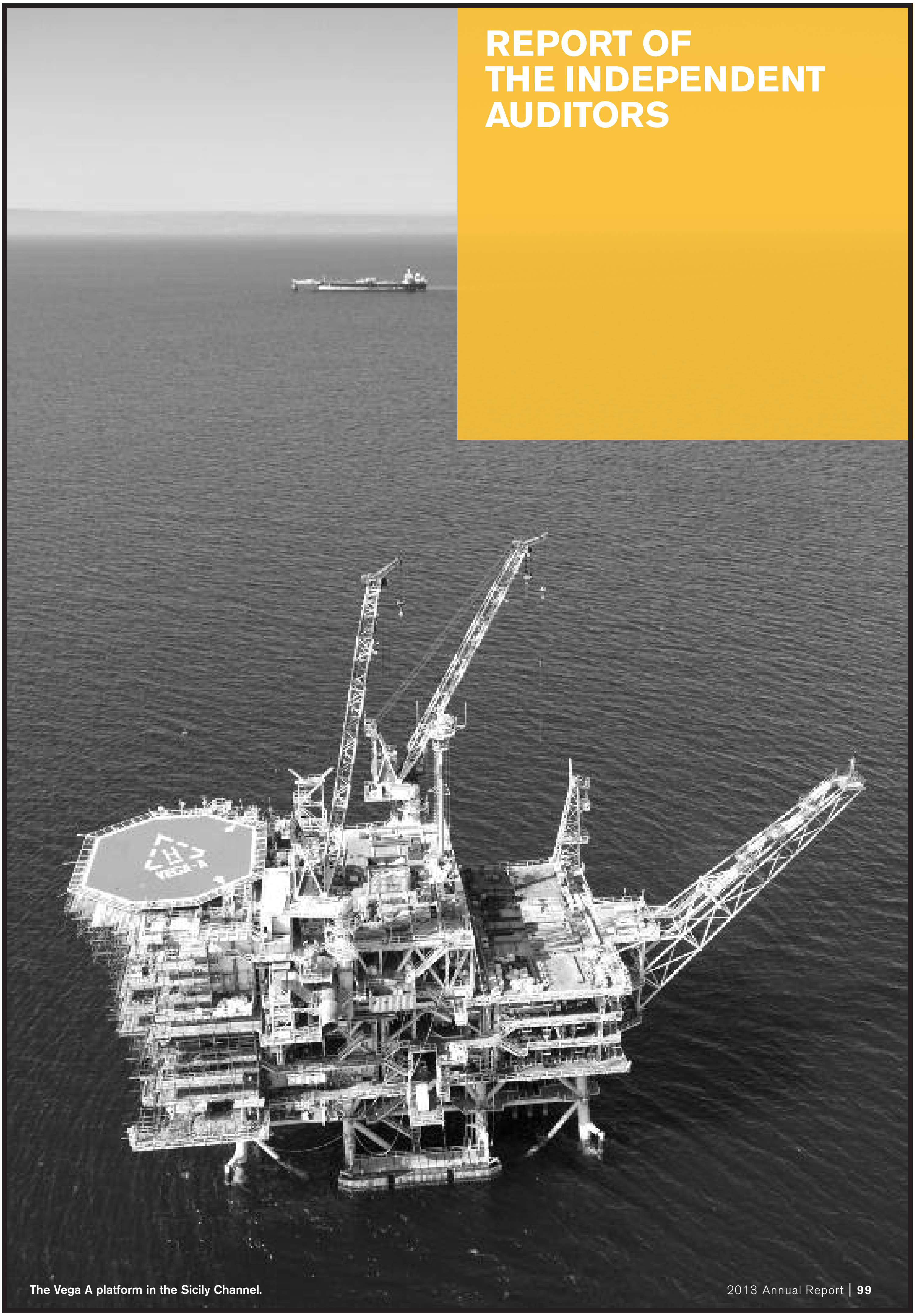
Milan, February 12, 2014

Chief Executive Officer

Bruno Lescoeur

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

REPORT OF THE INDEPENDENT AUDITORS



The Vega A platform in the Sicily Channel.

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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, 2013 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 adjusted 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 February 14, 2013.These modifications 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, 2013.

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, 2013, 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, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Piergiulio Bizioli
Partner

Milan, Italy
February 13, 2014

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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