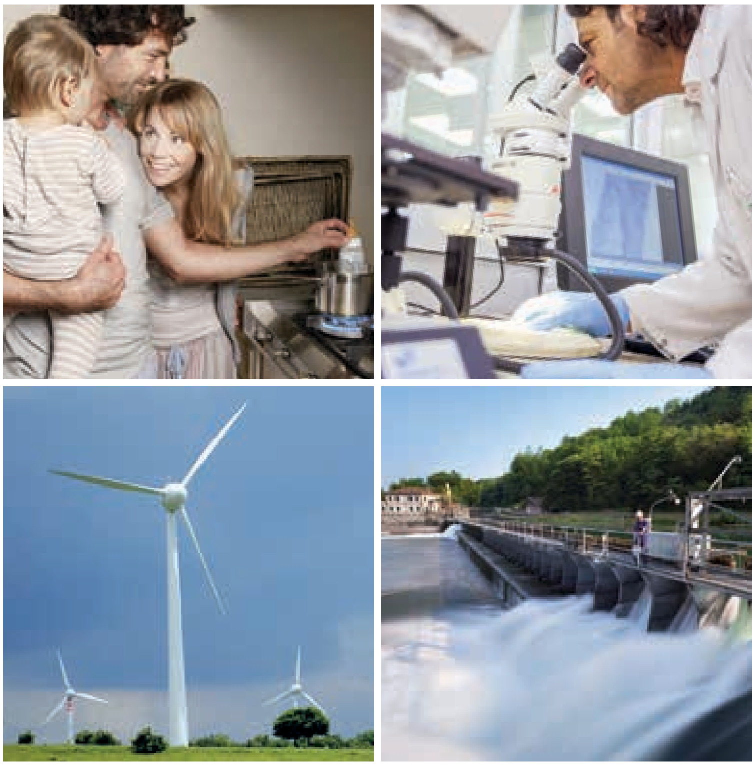
2015
ANNUAL REPORT



SEPARATE FINANCIAL STATEMENTS

EDISON

CONTENTS

2015 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.

2015 ANNUAL REPORT
SEPARATE FINANCIAL STATEMENTS

INCOME STATEMENT

(in euros)	Note	2015	2015 Amount with related parties	2014	2014 Amount with related parties
Sales revenues	1	5,517,305,706	2,878,966,822	4,822,090,468	2,339,759,781
Other revenues and income	2	757,608,015	21,228,256	149,111,260	17,687,390
Total revenues		**6,274,913,721**		**4,971,201,728**	
Raw materials and services used (-)	3	(5,474,168,327)	(267,881,624)	(5,094,810,956)	(190,287,157)
Labor costs (-)	4	(138,701,569)		(134,558,421)	
EBITDA	5	**662,043,825**		**(258,167,649)**	
Net change in fair value of derivatives (commodities and foreign exchange)	6	88,659,313		204,916,597	
Depreciation, amortization and writedowns (-)	7	(1,263,261,116)		(337,535,747)	
Other income (expense), net	8	(22,042,878)		(11,524,984)	
EBIT		**(534,600,856)**		**(402,311,783)**	
Net financial income (expense)	9	6,220,504	39,042,480	(39,363,419)	42,049,339
Income from (Expense on) equity investments	10	(186,456,434)	(188,387,462)	278,035,187	266,746,070
Profit (Loss) before taxes		**(714,836,786)**		**(163,640,015)**	
Income taxes	11	(61,177,114)		126,170,339	
Profit (Loss) from continuing operations		**(776,013,900)**		**(37,469,676)**	
Profit (Loss) from discontinued operation	12	-		-	
Profit (Loss) for the year		**(776,013,900)**		**(37,469,676)**	

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT

(in euros)	Note	2015	2014
Profit (Loss) for the period		**(776,013,900)**	**(37,469,676)**
Other components of comprehensive income:			
A) Change in the cash flow hedge reserve	24	**(188,318,360)**	**(316,353,835)**
- Gains (Losses) from valuations for the period		(268,656,326)	(461,709,306)
- Income taxes (+/-)		80,337,966	145,355,471
B) Actuarial gains (losses) (*)		**1,789,780**	**(2,018,520)**
- Actuarial gains (losses)		1,789,780	(2,018,520)
Total other components of comprehensive income net of taxes (A+B+C)		**(186,528,580)**	**(318,372,355)**
Total comprehensive profit (loss)		**(962,542,480)**	**(355,842,031)**

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

BALANCE SHEET

(in euros)	Note	12.31.2015	Amount with related parties	12.31.2014 (*)	Amount with related parties
ASSETS					
Property, plant and equipment	13	1,959,595,262		2,537,869,905	
Investment property	14	5,607,819		5,679,433	
Goodwill	15	1,751,840,046		2,287,340,046	
Hydrocarbon concessions	16	55,075,643		111,752,294	
Other intangible assets	17	78,565,357		85,773,606	
Investments in associates	18	933,873,984	933,873,984	1,433,137,463	1,433,137,463
Available-for-sale investments	18	166,880,726		174,176,207	
Other financial assets	19	11,451,390		19,346,240	
Deferred tax assets	20	437,224,987		243,163,767	
Other assets	21	251,639,248	62,137,544	375,339,818	96,189,244
Total non-current assets		**5,651,754,462**		**7,273,578,779**	
Inventories		106,330,856		229,523,965	
Trade receivables		1,558,212,862	649,000,696	726,379,602	341,579,622
Current tax assets		1,359,035		14,667,427	
Other receivables		1,290,364,743	265,600,383	1,077,883,441	375,088,376
Current financial assets		1,686,001,406	1,655,153,079	2,162,297,408	2,215,646,707
Cash and cash equivalents		47,277,427		75,874,809	
Total current assets	22	**4,689,546,329**		**4,286,626,652**	
Assets held for sale	23	**111,850,156**		**-**	
Total assets		**10,453,150,947**		**11,560,205,431**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital		5,291,700,671		5,291,700,671	
Statutory reserve		131,970,891		131,970,891	
Other reserves and retained earnings		483,063,692		520,533,169	
Reserves for other components of comprehensive income		(512,110,978)		(325,582,199)	
Profit (Loss) for the period		(776,013,900)		(37,469,676)	
Total shareholders' equity	24	**4,618,610,376**		**5,581,152,856**	
Provision for employee severance indemnities and provisions for pensions	25	21,671,849		24,836,267	
Provision for deferred taxes	26	-		-	
Provisions for risks and charges	27	802,853,399		751,875,245	
Bonds	28	599,294,813		598,565,508	
Long-term financial debt and other financial liabilities	29	626,729,422	467,253,192	969,659,469	796,473,985
Other liabilities	30	313,877,415	8,654,430	323,693,874	2,458,007
Total non-current liabilities		**2,364,426,898**		**2,668,630,363**	
Bonds		28,501,953		552,808,602	
Short-term financial debt		887,896,167	833,068,330	489,949,557	415,826,815
Trade payables		821,845,816	48,307,276	1,146,006,984	77,033,645
Current taxes payable		20,391,609		-	
Other liabilities		1,711,299,557	170,678,838	1,121,657,069	114,953,740
Total current liabilities	31	**3,469,935,102**		**3,310,422,212**	
Liabilities held for sale	32	**178,571**		**-**	
Total liabilities and shareholders' equity		**10,453,150,947**		**11,560,205,431**	

(*) The amounts have been restated as a result of the new presentation of fair value on industrial portfolio derivatives.

CASH FLOWS STATEMENT

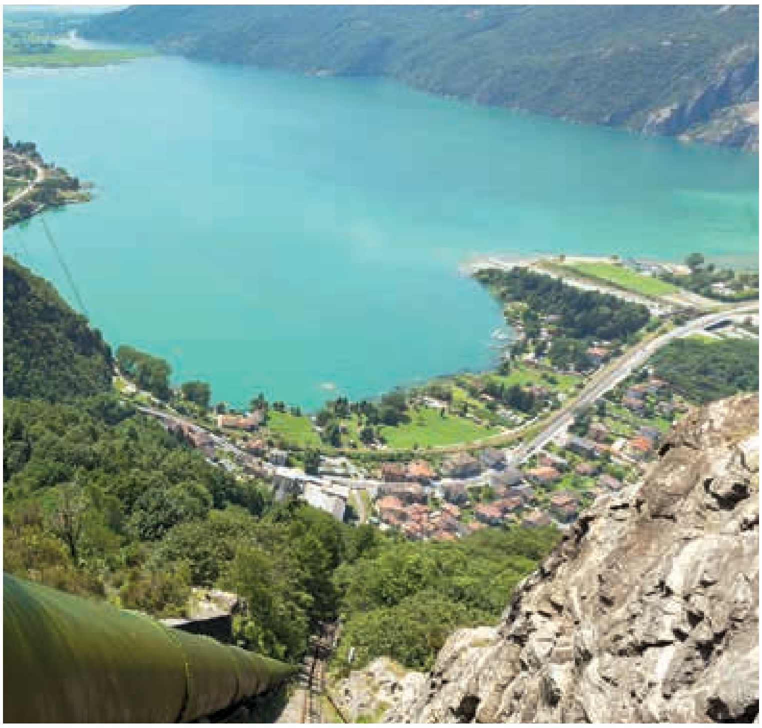
The schedule that follows analyzes the cash flows as they apply to short-term liquid assets (i.e., due within 3 months), which amounted to 47,277,000 euros, compared with 75,875,000 euros in 2014.

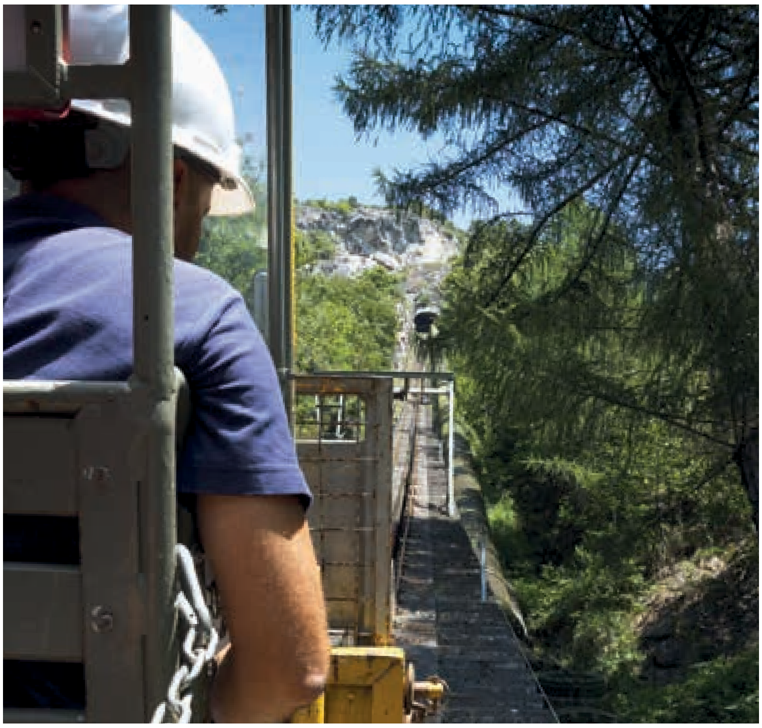
(in euros)		2015		2014	
	Note		Amount with related parties		Amount with related parties
Profit (Loss) before taxes of Edison Spa		**(714,836,786)**		**(163,640,015)**	
Amortization, depreciation and writedowns	7	1,263,261,116		337,535,747	
Net additions to provisions for risks		13,795,205		(26,589,352)	
(Gains) Losses on the sale of non-current assets		4,390,204		(10,692,608)	
(Revaluations) Writedowns of non-current financial assets	10	405,670,497	404,644,737	86,681,146	85,043,039
Change in the provision for employee severance indemnities and provisions for pensions	25	3,164,418		(436,259)	
Change in fair value recognized in EBIT		(88,659,313)		(204,916,597)	
Change in operating working capital		(1,032,728,287)	(336,147,442)	681,274,604	273,777,209
Dividends from subsidiaries, affiliated companies and other companies	10	(219,124,390)	(216,421,255)	(353,612,414)	(349,743,988)
Dividends collected (including amounts attributable to previous years)		220,081,762	216,421,255	362,915,417	359,046,991
Net financial (income) expense	9	24,735,256	2,554,878	40,532,078	21,510,148
Financial income collected		68,916,344	46,874,328	75,961,850	56,955,972
Financial (expense) paid		(94,479,726)	(46,851,690)	(120,071,330)	(36,969,275)
Income taxes paid		(12,658,901)		(14,777,619)	
Change in other operating assets and liabilities		210,064,993	205,461,214	(222,060,707)	(208,450,408)
A. Cash from (used in) operating activities of continuing operations		**51,592,392**		**468,103,941**	
Additions to intangibles and property, plant and equipment (-)	13-17	(119,888,068)		(237,527,908)	
Additions to non-current financial assets (-)	18	(12,161,528)	(12,161,528)	(169,803,542)	(169,803,542)
Proceeds from the sale of intangibles and property, plant and equipment		798,000		1,216,124	
Proceeds from the sale of non-current financial assets		-		134,002,138	
Capital distributions from non-current equity investments	18	43,326,600		240,113,774	
Change in other current assets		476,296,002	460,493,628	542,262,164	522,828,519
B. Cash from (used in) investing activities		**388,371,006**		**510,262,750**	
Proceeds from new medium-term and long-term loans	29,30,32	470,000,000	470,000,000	-	
Redemptions of medium-term and long-term loans (-)	29,30,32	(1,312,532,397)	(800,000,000)	(731,727,612)	(892,344)
Capital contributions provided by controlling companies or minority shareholders		-		-	
Dividends paid to controlling companies or minority shareholders (-)		-		(62,504,746)	
Changes in short-term financial debt		373,971,617	19,534,884	(426,788,288)	(31,603,658)
C. Cash from (used in) financing activities		**(468,560,780)**		**(1,221,020,646)**	
D. Net change in cash and cash equivalents (A+B+C)		**(28,597,382)**		**(242,653,955)**	
E. Cash and cash equivalents at the beginning of the period		**75,874,809**		**318,528,764**	
F. Net cash and cash equivalents from discontinued operations		**-**		**-**	
G. Cash and cash equivalents at the end of the period (D+E+F)		**47,277,427**		**75,874,809**	
H. Total cash and cash equivalents at the end of the period (G)		**47,277,427**		**75,874,809**	
I. (-) Cash and cash equivalents from discontinued operations		**-**		**-**	
L. Cash and cash equivalents from continuing operations (H-I)		**47,277,427**		**75,874,809**	

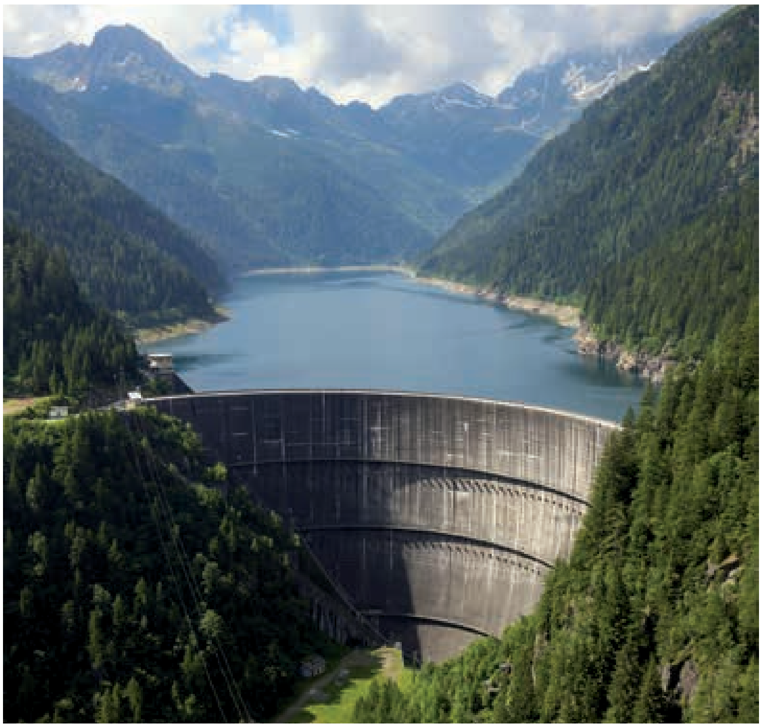
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in euros)				Reserve for other components of comprehensive income			
	Share capital	Statutory reserve	Other reserves and retained earnings	Cash flow hedge	Actuarial gains (losses)	Profit (Loss) for the year	Total shareholders' equity
Balance at 12.31.2013	**5,291,700,671**	**128,090,153**	**509,303,884**	**(6,755,041)**	**(454,802)**	**77,614,769**	**5,999,499,634**
Appropriation of the 2013 profit	-	3,880,738	11,229,285	-	-	(15,110,023)	-
Dividend distribution	-	-	-	-	-	(62,504,746)	(62,504,746)
Total comprehensive profit (loss) for 2014	**-**	**-**	**-**	**(316,353,836)**	**(2,018,520)**	**(37,469,676)**	**(355,842,032)**
including:							
Change in comprehensive income for the period	-	-	-	(316,353,836)	(2,018,520)	-	(318,372,356)
Profit (Loss) for 2014	-	-	-	-	-	(37,469,676)	(37,469,676)
Balance at 12.31.2014	**5,291,700,671**	**131,970,891**	**520,533,169**	**(323,108,877)**	**(2,473,322)**	**(37,469,676)**	**5,581,152,856**
Appropriation of the 2014 profit	-	-	(37,469,676)	-	-	37,469,676	-
Total comprehensive profit (loss) for 2015	**-**	**-**	**-**	**(188,318,360)**	**1,789,780**	**(776,013,900)**	**(962,542,480)**
including:							
Change in comprehensive income for the period	-	-	-	(188,318,360)	1,789,780	-	(186,528,580)
Profit (Loss) for 2015	-	-	-	-	-	(776,013,900)	(776,013,900)
Balance at 12.31.2015	**5,291,700,671**	**131,970,891**	**483,063,493**	**(511,427,237)**	**(683,542)**	**(776,013,900)**	**4,618,610,376**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AT DECEMBER 31, 2015







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, 2015, 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.
These 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.)*.

Methods Applied to the Preparation of the Financial Statements

Please note that the accounting principles applied are consistent with those used for the 2014 Separate Financial Statements and that, effective as January 1, 2015, the new interpretation **IFRIC 21 "Levies"** will be applicable retroactively. This interpretation sets forth the criteria applicable to determine when liabilities for levies should be recognized in the financial statements. These liabilities can be recognized either gradually or in a lump sum upon the occurrence of the obligating event. This interpretation did not have a significant impact on the financial statements.
The Board of Directors, meeting on February 15, 2016, 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.

Presentation Formats of the Financial Statements Adopted by the Company

The presentation formats chosen by the Company for its financial statements have the following characteristics:
- the **Income Statement** is a step-by-step income statement, with the different components broken down by nature. It includes a schedule of Other Components of the Comprehensive Income Statement, which shows the components of net profit or loss provisionally recognized in equity.
- In the **Balance Sheet** assets and liabilities are analyzed by maturity. Current and non-current items, which are due within or after 12 months from the end of the reporting period, respectively, are shown separately.
- The **Cash Flow Statement** shows the cash flows in accordance with the indirect method, as allowed by IAS 7.
- The Statement of **Changes in Shareholders' Equity** shows separately the flows from component of the reserve for other components of comprehensive income.

Disclosure pursuant to IFRS 5

On December 29, 2015, Edison and Società Elettrica Altoatesina (SEL) signed an agreement to swap Edison's equity interests in Hydros and Sel Edison in the Bolzano province for the hydroelectric facilities owned by SEL in the Friuli-Venezia Giulia region. With this agreement, Edison strengthened its position in the hydroelectric area, a key sector in the Company's growth strategy, and lengthened the average life of its hydroelectric portfolio, reducing the risks related to concession renewals. A positive impact on the financial statements is already expected in 2016.
Under this transaction, valued at a total of about 190 million euros, Edison will acquire from SEL the Cellina hydroelectric hub in exchange for equity investments consisting of a 40% interest in Hydros and a 42% interest in Sel Edison. This transaction is expected to close in the first quarter of 2016.
The items being divested are deemed to constitute a disposal group pursuant to IFRS 5 and, consequently, only the corresponding assets and liabilities are shown as separate balance sheet items without making any reclassifications in the income statement.

Information about the assets and liabilities of the disposal group is provided below:

(thousands of euros)

BALANCE SHEET	12.31.2015
Non-current assets	111,744
Current assets	106
Total assets	**111,850**
Shareholders' equity	**111,671**
Non-current liabilities	-
Current liabilities	179
Total liabilities	**179**
Total liabilities and shareholders' equity	**111,850**

Non-current assets include the carrying amounts of the investments in Hydros and Sel Edison, including a reclassification of the goodwill allocated to these companies for 42,750,000 euros.

Comparability

Starting with the 2015 financial statements with the aim of providing a better presentation of the financial data, considering the relevance of the amounts, the "Fair Value on industrial portfolio derivatives" booked in Balance Sheet is represented distinguish the current and non-current portion. As shown below the comparative data referred to December 31, 2014 were restated consistent with those for 2015, as required by IAS 1.

Balance Sheet at December 31, 2014 Restated

(in euros)	2014 as published	New presentation	2014 restated
ASSETS			
Property, plant and equipment	2,537,869,905	-	2,537,869,905
Investment property	5,679,433	-	5,679,433
Goodwill	2,287,340,046	-	2,287,340,046
Hydrocarbon concessions	111,752,294	-	111,752,294
Other intangible assets	85,773,606	-	85,773,606
Investments in associates	1,433,137,463	-	1,433,137,463
Available-for-sale investments	174,176,207	-	174,176,207
Other financial assets	19,346,240	-	19,346,240
Deferred tax assets	243,163,767	-	243,163,767
Other assets	163,331,219	212,008,599	375,339,818
Total non-current assets	**7,061,570,180**	**212,008,599**	**7,273,578,779**
Inventories	229,523,965	-	229,523,965
Trade receivables	726,379,602		726,379,602
Current tax assets	14,667,427	-	14,667,427
Other receivables	1,289,892,040	(212,008,599)	1,077,883,441
Current financial assets	2,162,297,408	-	2,162,297,408
Cash and cash equivalents	75,874,809	-	75,874,809
Total current assets	**4,498,635,251**	**(212,008,599)**	**4,286,626,652**
Assets held for sale	**-**	**-**	**-**
Total assets	**11,560,205,431**	**-**	**11,560,205,431**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	5,291,700,671	-	5,291,700,671
Statutory reserve	131,970,891	-	131,970,891
Other reserves and retained earnings	520,533,169	-	520,533,169
Reserves for other components of comprehensive income	(325,582,199)	-	(325,582,199)
Profit (Loss) for the year	(37,469,676)	-	(37,469,676)
Total shareholders' equity	**5,581,152,856**	**-**	**5,581,152,856**
Provision for employee severance indemnities and provisions for pensions	24,836,267	-	24,836,267
Provision for deferred taxes	-	-	-
Provision for risks and charges	751,875,245	-	751,875,245
Bonds	598,565,508	-	598,565,508
Long-term financial debt and other financial liabilities	969,659,469	-	969,659,469
Other liabilities	-	323,693,874	323,693,874
Total non-current liabilities	**2,344,936,489**	**323,693,874**	**2,668,630,363**
Bonds	552,808,602	-	552,808,602
Short-term financial debt	489,949,557	-	489,949,557
Trade payables	1,146,006,984		1,146,006,984
Current taxes payable	-	-	-
Other liabilities	1,445,350,943	(323,693,874)	1,121,657,069
Total current liabilities	**3,634,116,086**	**(323,693,874)**	**3,310,422,212**
Liabilities held for sale	**-**	**-**	**-**
Total liabilities and shareholders' equity	**11,560,205,431**	**-**	**11,560,205,431**

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%	0.8%	-	3.4%
Plant and machinery	3.8%	11.9%	2.6%	42.7%	9.6%	22.4%
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	-	-	-	-	2.1%	3.4%

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.
Depreciation for 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, 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 include goodwill acquired for consideration.
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.
Please note that, upon transition to the IFRS (at January 1, 2004) goodwill was recognized at the same carrying amount as in the statutory financial statements at December 31, 2003. The decision to take the conservative approach of using the same carrying amounts as those used in the statutory financial statements previously prepared in accordance with Italian accounting principles was motivated by uncertainty with respect to the accounting treatment that should be applied to these assets in the separate financial statements prepared in accordance with the IFRS principles.
Intangible assets with finite useful lives are amortized on a straight-line basis over their useful lives, starting when they are available for use.
Goodwill 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.

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 (UOP). 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.
Please note that **mineral assets owned and/or operated through contractual agreements (joint operations)** are recognized in the financial statements only in relation to the attributable interest.

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

Financial assets are derecognized when they no longer convey the right to receive the related cash flows and substantially all of the risks and benefits conveyed by the ownership of the assets have been transferred or when an asset is deemed to be totally non-recoverable after all necessary recovery procedures have been carried out. Financial liabilities are derecognized when the corresponding contractual obligations have been extinguished. Changes to existing contract terms can qualify as an extinguishing event if the new terms materially alter the original stipulations and, in any case, when the present value of the cash flows that will be generated under the revised agreements differs by more than 10% from the value of the discounted cash flows of the original liability. The fair value of financial instruments that are traded on an active market is based on their market price at the end of the reporting period. The fair value of financial instruments that are not traded on an active market is determined using appropriate valuation techniques.

Trading Activities

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

Inventories

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

Valuation of Long-term Take-or-pay Contracts

Under the terms of medium-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. In particular it should be noted that after two years of stability the Brent price has decreased, especially in the last two months of the year, reaching the lowest level. The evaluations related to the impairment test have been drawn up on the basis of an updated scenario as described in further detail below.

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 of 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 2015

Edison Spa reported a **net loss** of 776 million euros at December 31, 2015, compared with a net loss of 37 million euros in 2014.
This negative result primarily reflects the effects of Impairment Test writedowns recognized for goodwill (493 million euros), some industrial assets and hydrocarbon concessions (524 million euros) and some equity investments (406 million euros) further to the impairment tests performed, offset in part by the successful conclusion of arbitrations concerning long-term contracts to buy gas from Libya with ENI for about 855 million euros totally.
In 2015, **sales revenues** totaled 5,517 million euros, for a gain of 14.4% compared with the previous year (4,822 million euros).

EBITDA were positive by 662 million euros, as against negative EBITDA of 258 million euros in 2014 (see *Note 5*). More in detail:
- in the **hydrocarbons operations** were positive by 755 million euros (negative EBITDA of 171 million euros in 2014). The result for 2015 primarily reflects the positive effect of the favorable conclusion of the arbitration for the long-term contract to purchase gas from Libya, which more than offset the impact of the ongoing compression of the margins generated by the activities involved in buying and selling natural gas, due mainly to the slump in crude oil prices. The EBITDA amount also includes a negative contribution by the Exploration & Production operations, which are also being adversely affected by sharply lower prices in the benchmark markets and a decrease in production (-2,8%).
- in the **electric power operations** were negative by less than 1 million euros (positive by 43 million euros in 2014), including the positive effects of the withdraw energy contract with E2i Energie Speciali Srl. In hydroelectric generation it is point out a decrease in production compared to 2014 due mainly to the exceptionally abundant water resources available in 2014 partially compensated by an increase in thermoelectric output.
- it is also reported the decrease in corporate operating expenses (28.5%) thanks an ongoing program to curtail operating expenses.

EBIT were negative by 535 million euros (402 million euros in 2014). They reflect, in addition to the loss as the EBITDA level, the effects of the following factors:
- 524 million euros for writedown of non-current assets and hydrocarbon concessions and for 493 million euros goodwill further to the results of the impairment test (120 million euros to write down goodwill in 2014);
- a negative impact of 89 million euros generated by the net positive change in fair value of commodity and foreign exchange derivatives (positive impact of 205 million euros in 2014);
- charges totaling 246 million euros for depreciation and amortization of non-current assets (216 million euros in 2014);
- 22 million euros in net other expense (12 million euros in net other expense in 2014), consisting mainly of legal costs not directly related to the Company's industrial and financial activities.

In addition to the industrial margin dynamics discussed above, the following factors affected this year's performance.
- **Net financial income** of 6 million euros (net financial expense of 39 million euros in 2014), mainly attributable to net foreign exchange gains that reflect positive results from derivative transactions driven by a favorable trend in the EUR/USD exchange rate (30 million of euros) and to the decrease of interests referred to the loan reimbursed during the year (31 million of euros).
- **Net expense on equity investments** of 186 million euros (net income of 278 million euros in 2014), the main components of which include 220 million euros in dividends from investee companies and distributions of retained earnings by investee companies (354 million euros in 2014), offset by 406 million euros in writedowns of some investee companies (87 million euros in 2014), recognized to realign their carrying amount with the effects of the impairment test.
- **Income taxes,** which were positive by 61 million euros (positive 126 million euros in 2014) and include current

corporate income taxes (IRES) for 152 million euros and regional taxes (IRAP) for 25 million euros, reflect negative effects of 33 million euros due to some non-recurring regulatory effects which the reversal of deferred tax assets resulting from a decision published on February 11, 2015 by which the Constitutional Court found that the IRES surcharge (known as the Robin Hood Tax) was unconstitutional, and of 22 million euros for a reduction of the IRES rate applied for the computation of deferred tax assets for value differences that will be reversed in 2017 in accordance with the 2016 Stability Law (Law No. 208 of December 28, 2015).

1. Sales Revenues - 5,517,306,000 euros

(thousands of euros)	2015	2014	Change	% change
Revenues from the sale of:				
- Natural gas	3,899,783	3,283,629	616,154	18.8%
- Electric power	934,458	819,683	114,775	14.0%
- Oil	89,962	122,143	(32,181)	(26.3%)
- Steam	33,611	33,490	121	0.4%
- Green certificates	58,064	110,120	(52,056)	n.s.
- Sundry items	963	1,163	(200)	n.s.
Revenues from the sale of products	**5,016,841**	**4,370,228**	**646,613**	**14.8%**
Realized commodity derivatives	448,886	399,242	49,644	12.4%
Sundry service revenues	42,847	43,981	(1,134)	(2.6%)
Power plant maintenance revenues	8,729	8,901	(172)	n.s.
Margin on physical trading activity	3	(544)	547	n.s.
Margin on financial trading activity	-	282	(282)	n.s.
Total sales revenues	**5,517,306**	**4,822,090**	**695,216**	**14.4%**
of which by business segment:				
- Hydrocarbons operations	4,452,782	3,822,758	630,024	16.5%
- Electric power operations	1,040,464	978,093	62,371	6.4%
- Corporate activities	24,060	21,239	2,821	13.3%
Total sales revenues	**5,517,306**	**4,822,090**	**695,216**	**14.4%**

An analysis by business segment is provided below:

- the **hydrocarbons operations** reported sales revenues of 4,452,782,000 euros, for a gain 16.5% compared with 2014, due mainly to the increase in gas volumes sold (+35%), mainly for thermoelectric uses and on the Virtual Exchange Facility, which more than offset a decline in average sales prices driven by the trend in the benchmark scenario.
- The sales revenues of the **electric power operations** increased to 1,040,464,000 euros, or 6.4% more than in 2014, thanks to two contracs, one signed with the Edison Trading Spa subsidiary, which was given a mandate to sell electric power from a withdraw energy contract signed in the first quarter of 2015, and from a contract with E2i Energie Speciali Srl (signed in October 2014), which offset the negative effects of an unfavorable price scenario and reduced hydroelectric production.
- The revenues generated by the **corporate activities** refer to services provided to third parties, consisting mainly of coordination activities provided by Edison to Group companies and engineering services.

Revenues from **realized commodity derivatives** amounting to 448,886,000 euros, which should be viewed concurrently with the corresponding note included in **raw materials and services used** (438,664,000 euros), reflect mainly the results of commodity and foreign exchange hedges executed to mitigate the risk of price fluctuations on natural gas purchased for the Group's plant portfolio and for direct gas sales. These development are chiefly the results of the downward trend in commodity prices, particularly in the oil market.
It is also worth mentioning that **realized commodity derivatives** include revenues of 586,000 euros from Edison Energia, 125,049,000 euros from Edison Trading and 70,493,000 euros from EDF Trading Limited.

Margin on Trading Activities

The table below shows the results from trading activities, which are included in sales revenues, generated by trading in financial and physical energy commodity contracts held in the trading portfolios. In particular, these results refer to some physical trading operations still outstanding of the previous trading. For further details see paragraph "Financial Risk Management".

(thousands of euros)	2015	2014	Change	% change
Margin on physical trading activities				
Sales revenues	240,618	1,096,049	(855,431)	(78.0%)
Raw materials and services used	(240,615)	(1,096,593)	855,978	(78.1%)
Total included in sales revenues	**3**	**(544)**	**547**	**n.s.**
Margin on financial trading activities				
Sales revenues	-	1,366	(1,366)	n.s.
Raw materials and services used	-	(1,084)	1,084	n.s.
Total included in sales revenues	**-**	**282**	**(282)**	**n.s.**
Total margin on trading activities	**3**	**(262)**	**265**	**n.s.**

2. Other Revenues and Income - 757,608,000 euros

(thousands of euros)	2015	2014	Change	% change
Recovery of costs from partners in hydrocarbon exploration projects	23,984	25,956	(1,972)	(7.6%)
Reversals of provisions for risks and sundry provisions	2,142	9,416	(7,274)	n.s.
Out-of-period income and sundry items	731,482	113,739	617,743	n.s.
Total other revenues and income	**757,608**	**149,111**	**608,497**	**n.s.**

In 2015, out-of-period and other income included also a one-off component attributable to previous years generated by the revision of the contract to import natural gas from Libya; in 2014, it included a one-off component attributable to previous years generated by the revision of the contract to import natural gas from Russia.

3. Raw Materials and Services Used - 5,474,168,000 euros

(thousands of euros)	2015	2014 (*)	Change	% change
Natural gas	3,684,894	3,654,632	30,262	0.8%
Electric power	141,673	29,530	112,143	n.s.
Utilities and other materials	33,175	49,987	(16,812)	(33.6%)
Oil and fuel	19,467	2,813	16,654	n.s.
CO_2 emissions rights	16,360	16,583	(223)	(1.3%)
Demineralized industrial water	348	762	(414)	n.s.
Green certificates	-	42,563	(42,563)	n.s.
Blast-furnace, recycled and coke-oven furnace gas	-	8,001	(8,001)	n.s.
Total	**3,895,917**	**3,804,871**	**91,046**	**2.4%**
Transmission of natural gas	528,278	439,095	89,183	20.3%
Realized commodity and foreign exch. derivatives	438,664	214,110	224,554	n.s.
Regasification fee	116,676	109,501	7,175	6.6%
Facilities maintenance	87,948	92,221	(4,273)	(4.6%)
Professional services	54,868	66,009	(11,141)	(16.9%)
Insurance services	12,864	14,455	(1,591)	(11.0%)
Writedowns of trade receivables and sundry items	7,065	19,708	(12,643)	(64.2%)
Change in inventories	123,193	117,621	5,572	4.7%
Accruals to provisions for risks	42,073	16,277	25,796	n.s.
Cost of leased assets	56,495	67,981	(11,486)	(16.9%)
Sundry charges	110,127	132,961	(22,834)	(17.2%)
Total materials and services used	**5,474,168**	**5,094,810**	**379,358**	**7.4%**
Breakdown by business segment:				
- Hydrocarbons operations	5,055,394	4,701,226	354,168	7.5%
- Electric power operations	317,298	253,157	64,141	25.3%
- Corporate activities	101,476	140,427	(38,951)	(27.7%)
Total	**5,474,168**	**5,094,810**	**379,358**	**7.4%**

(*) The amounts have been restated as a result of the new presentation of fair value on industrial portfolio derivatives.

The increase in purchasing costs of **natural gas** compared with 2014 is due to higher gas volumes, mainly imports (+26%), offset by the positive effects of the completion of the arbitration for the contract to import natural gas from Libya and by the decrease of market prices.

The higher amount shown for purchases of **electric power** is due to volumes increase and to contracts executed with E2i Energie Speciali Srl (signed in October 2014), which should be viewed in conjunction with the corresponding comments provided for sales revenues.

Realized commodity derivatives include costs of 25,069,000 euros with Edison Energia, 25,562,000 euros with Edison Trading and 74,647,000 euros with EDF Trading Limited.

An increase in gas imports and the higher rates charged are the reasons for the increase in **transmission** costs. The **regasification fee** reflects the charges paid to Terminale GNL Adriatico Srl for regasification of liquefied gas originating from Qatar.

The **accruals to provisions for risks**, amounting to 42,073,000 euros, consist mainly of accruals for future charges in the industrial area.

4. Labor Costs - 138,702,000 euros

2015			2014			Change					
Labor costs (thousands of euros)	Number of employees at end of period	Average number of employees	Labor costs (thousands of euros)	Number of employees at end of period	Average number of employees	Labor costs (thousands of euros)	%	Number of employees at end of period	%	Average number of employees	%
138,702	1,473	1,492	134,558	1,506	1,519	4,144	3.0%	(33)	(2.2%)	(27)	(1.8%)

Changes in wage dynamics accounts for most of the increase compared with the previous year. The table below provides a breakdown of staff changes by employment category:

(number of employees)	Beginning of year	Added	Removed	Change in category	End of year	Average payroll
Executives	125	1	(3)	-	123	124
Office staff and middle managers	1,195	33	(54)	(4)	1,170	1,183
Production staff	186	2	(12)	4	180	185
Total	**1,506**	**36**	**(69)**	**-**	**1,473**	**1,492**

5. EBITDA - 662,044,000 euros

(thousands of euros)	2015	as a % of sales revenues	2014	as a % of sales revenues	% change
Hydrocarbons operations	755,376	17.0%	(170,909)	(4.5%)	n.s.
Electric power operations	(311)	n.s.	42,904	4.4%	n.s.
Corporate activities	(93,021)	n.s.	(130,163)	n.s.	28.5%
Total	**662,044**	**12.0%**	**(258,168)**	**(5.4%)**	**n.s.**

The change of Corporate positive for 28.5% is essentialy due to the containment of operating expenses program in progress.

It is worth mentioning that the acquisition costs associated with the supply of gas and other costs incurred in this function by Hydrocarbons operations are then attributed to Electric power operations based on volumes consumed.

6. Net Change in Fair Value of Derivatives (Commodities and Foreign Exchange) - 88,659,000 euros

(thousands of euros)	2015	2014	Change	% change
Change in fair value of hedging the price risk on energy products:	**75,633**	**23,958**	**51,675**	**n.s.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	(25,255)	5,927	(31,182)	n.s.
- not definable as hedges pursuant to IAS 39	100,888	18,031	82,857	n.s.
Change in fair value of hedging the foreign exchange risk on commodities:	**13,026**	**180,959**	**(167,933)**	**n.s.**
- definable as hedges pursuant to IAS 39 (CFH) (*)	(11,716)	17,904	(29,620)	n.s.
- not definable as hedges pursuant to IAS 39	24,742	163,055	(138,313)	n.s.
Total	**88,659**	**204,917**	**(116,258)**	**n.s.**

(*) Reflects the ineffective portion.

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

The change recorded in the year (88,659,000 euros), which is affected by the decrease in prices in the hydrocarbon market and by the strengthening of the U.S. dollar versus the euro, specifically reflects, in addition to the partial reversal of the fair value recognized in the previous year as a consequence of commodity deliveries and realization of related derivatives, also includes the fair value of the hedging instruments outstanding at the end of the year and the discontinuing of certain Cash Flow Hedges hedging relationship due to the lower exposure to the exchange rate risk due to the price of hydrocarbons.

7. Depreciation, Amortization and Writedowns - 1,263,261,000 euros

(thousands of euros)	2015	2014	Change	% change
Depreciation of property, plant and equipment	222,386	198,022	24,364	12.3%
Depreciation of investment property	68	72	(4)	(5.6%)
Amortization of hydrocarbon concessions	13,306	10,994	2,312	21.0%
Amortization of other intangible assets	10,688	6,796	3,892	n.s.
Total depreciation and amortization	**246,448**	**215,884**	**30,564**	**14.2%**
Writedown of property, plant and equipment	480,692	1,370	479,322	n.s.
Writedown of hydrocarbon concessions	43,371	-	43,371	n.s.
Writedown of goodwill	492,750	120,230	372,520	n.s.
Writedown of investment property	-	52	(52)	n.s.
Total writedowns	**1,016,813**	**121,652**	**895,161**	**n.s.**
Total	**1,263,261**	**337,536**	**925,725**	**n.s.**
Breakdown by business segment:				
- Hydrocarbons operations	560,206	148,641	411,565	n.s.
- Electric power operations	203,327	59,449	143,878	n.s.
- Corporate activities	499,728	129,446	370,282	n.s.
Total	**1,263,261**	**337,536**	**925,725**	**n.s.**

The main reason for the change compared with 2014 is the impairment test performed by the Company, which is discussed in detail later in this Report in the note entitled “Impairment test applied to the value of goodwill and other intangibles and property, plant and equipment pursuant to IAS 36.”
It should be noted that in Hydrocarbons Operations amortization are increased due to the change of the extraction profiles of hydrocarbon oilfields and the amortization of hydrocarbon concessions amounts to 13,306,000 euros.

8. Other Income (Expense), Net - (22,043,000) euros

Net other expense, which increased by 10,518,000 euros compared with 2014 (net expense of 11,525,000 euros), represents nonrecurring items that are not directly related to core industrial operations. Legal costs concerning the former Montedison Group make up most of the balance at December 31, 2015.

9. Net Financial Income (Expense) - 6,221,000 euros

(thousands of euros)	2015	2014	Change
Financial income			
Financial income from Group companies	47,902	60,292	(12,390)
Financial income from financial derivatives	26,749	58,690	(31,941)
Interest earned on trade receivables	1,463	3,724	(2,261)
Bank interest earned	38	187	(149)
Interest received from EDF	-	96	(96)
Other financial income	189	5,218	11,036
Total financial income	**92,406**	**128,207**	**(35,801)**
Financial expense			
Interest paid on bond issues	(27,624)	(58,226)	30,602
Fair value adjustment on bond issues	11,701	7,460	4,241
Financial expense on financial derivatives	(23,437)	(42,640)	19,203
Financial expense paid to EDF	(42,338)	(26,430)	(15,908)
Financial expense on decommissioning projects	(18,168)	(16,976)	(1,192)
Financial expense paid to Group companies	(3,050)	(12,448)	9,398
Bank fees	(3,408)	(5,189)	1,781
Interest paid to banks	(1,767)	(2,861)	1,094
Other financial expense	(9,050)	(11,429)	2,379
Total financial expense	**(117,141)**	**(168,739)**	**51,598**
Foreign exchange translation gains (losses)			
Foreign exchange translation gains:	**216,433**	**70,874**	**145,559**
- Amount with EDF	141,930	31,558	110,372
- Amount with others	74,503	39,316	35,187
Foreign exchange translation losses:	**(185,477)**	**(69,705)**	**(115,772)**
- Amount with EDF	(31,964)	(13,285)	(18,679)
- Amount with others	(153,513)	(56,420)	(97,093)
Total foreign exchange translation gains (losses)	**30,956**	**1,169**	**29,787**
Total net financial income (expense)	**6,221**	**(39,363)**	**45,584**

The improvement compared with the previous year reflects higher foreign exchange gains resulting from a favorable trend in currencies, which produced positive results from the derivatives executed to hedge the foreign exchange risk associated with payment of invoices for fuel procurement activities. Another important contributing factors was a reduction in financial expense due to, besides to those referred to the loan reimbursed during the year, a reduced debt level compared to 2014 and the lower cost resulting from a different mix of financial resources.

Lastly, please note that **other financial income** includes those recognized by ENI in view of the positive conclusion of the arbitration referred to the long-term Libyan gas contract, while **other financial expense** includes 3,327,000 euros to update provisions for risks and 1,205,000 euros for securitization transactions.

10. Income from (Expense on) Equity Investments - (186,456,000) euros

(thousands of euros)	2015	2014	Change
Income from equity investments			
Dividends from subsidiaries and affiliated companies:			
Edison Trading	150,000	294,113	(144,113)
Edison Stoccaggio	18,000	17,000	1,000
Edison Idrocarburi Sicilia	15,000	-	15,000
Edison Partecipazioni Energie Rinnovabili	5,831	-	5,831
Infrastrutture Distribuzione Gas	4,500	4,500	-
Hydros	4,055	1,800	2,255
Dolomiti Edison Energy	3,675	3,185	490
Jesi Energia	3,500	-	3,500
Infrastrutture Trasporto Gas Spa	2,700	2,500	200
Sel Edison	2,529	2,098	431
Gever	1,836	-	1,836
Terminale GNL Adriatico	1,573	1,696	(123)
Sistemi di Energia	1,292	689	603
AMG Gas	1,200	2,748	(1,548)
Ibiritermo	1,020	1,700	(680)
Prometeo	757	1,370	(613)
Termica Cologno	340	611	(271)
Edison Energie Speciali	-	15,750	(15,750)
ETA 3	-	2,311	(2,311)
Other companies	943	1,107	(164)
	218,751	**353,178**	**(134,427)**
Dividends from other companies	**373**	**435**	**(62)**
Revaluations of trading securities	**744**	**74**	**670**
Gains on the sale of equity investments	**90**	**11,304**	**(11,214)**
Total income from equity investments	**219,958**	**364,991**	**(145,033)**
Expense on equity investments			
Writedowns of equity investments:			
Edison International Spa	(209,794)	-	(209,794)
Edison International Holding NV	(162,566)	(9,424)	(153,142)
Edison Energia	(3,492)	(71,773)	68,281
Other companies	(30,559)	(5,665)	(24,894)
Total writedowns	**(406,411)**	**(86,862)**	**(319,549)**
Writedowns of trading securities	**(3)**	**(94)**	**91**
Losses on the sale of equity investments	**-**	**-**	**-**
Total expense on equity investments	**(406,414)**	**(86,956)**	**(319,458)**
Income from (Expense on) equity investments, net	**(186,456)**	**278,035**	**(464,491)**

More specifically:

- the **revaluations of trading securities** result from the marking to market of the investment in ACSM;
- **writedowns of equity investments** were recognized to align the carrying amounts of investments in some subsidiaries due to impairments identified through impairment tests of the assets of those subsidiaries (see Note 18);
- **writedowns of trading securities** result from the marking to market of the investment in American Superconductor.

11. Income Taxes - (61,177,000) euros

(millions of euros)	2015	2014	Change
Current taxes	176,308	(14,979)	191,287
Net deferred tax liabilities (assets)	(113,723)	(110,104)	(3,619)
Taxes attributable to previous years	(1,408)	(1,087)	(321)
Total	**61,177**	**(126,170)**	**187,347**

Current taxes include 151,600,000 euros for corporate income taxes (IRES) and 24,800,000 euros for regional taxes (IRAP).

Net deferred tax liabilities (assets) reflect the impact of the repeal of the Robin Hood tax, an IRES surcharge levied on companies in the oil and energy sector, at a rate of 6.5% until 2014, pursuant to Decree Law No. 11/2008, converted into Law No. 133/2008, as amended. By a decision handed down on February 11, 2015 and published in the *Official Gazette of the Italian Republic* the same day, the Constitutional Court ruled that the abovementioned IRES surcharge was unconstitutional, effective as of the day after the publication of its decision. Consequently, the **deferred tax assets** and the **provision for deferred taxes** recognized for this corporate income tax surcharge were derecognized, with a negative effect of 33,077,000 euros.

This item also includes the negative effect of a change in the IRES rate, scheduled for 2017 in accordance with the 2016 Stability Law (Law No. 208 of December 28, 2015) amounting to 21,642,000 euros.

The table below shows the tax rate for 2015 and provides a comparison with the previous year; the permanent differences include mainly the tax effects of the writedown of goodwill:

(thousands of euros)	2015		2014	
Result before taxes	**(714,837)**		**(163,640)**	
Taxes applicable in 2015	**(196,580)**	**27.5%**	**(45,001)**	**27.5%**
Non-taxable dividends	(57,247)		(92,317)	
Writedowns (Revaluations) of equity investments	111,559		23,892	
Permanent differences	149,194		49,686	
Income taxes attributable to previous years and other differences	(1,500)		(1,086)	
Changes to tax rates/Income tax surcharge	54,719		-	
Effect of realignment Art. 1, Sec. 147 of Law No. 147/2013	-		(60,282)	
IRAP	24,800		-	
Deferred taxes	(23,768)		(1,062)	
Total income taxes in the income statement	**61,177**	**n.s.**	**(126,170)**	**n.s.**

Remember that in 2014, due to the realignment of the tax bases of some components of property, plant and equipment to the carrying amounts (Law No. 147/2013), a net positive effect was recognized for 60 million euros. The table that follows provides a breakdown of deferred tax liabilities and deferred tax assets and shows the changes that occurred in 2015:

(thousands of euros)	12.31.2014	Additions	Utilizations	Reclassif./ Other changes	12.31.2015
Provision for deferred taxes:					
Adoption of IAS 17 to value finance leases	25,024	-	(531)	(6,485)	18,008
Adoption of IAS 39 to value financial instruments:					
- impact on the income statement	-	-	-	-	-
- impact on shareholders' equity	-	-	-	-	-
Other deferred taxes	13	-	(13)	-	-
	25,037	**-**	**(544)**	**(6,485)**	**18,008**
Offsets	(25,037)	-	544	6,485	(18,008)
Provision for deferred taxes net of offsets	**-**	**-**	**-**	**-**	**-**
Deferred tax assets:					
Tax assets from tax losses	22,071		-	(22,071)	-
Taxed provisions for risks	41,355	12,132	-	(12,114)	41,373
Adoption of IAS 39 to value financial instruments:					
- impact on the income statement	-		-	-	-
- impact on shareholders' equity	145,596	225,934	(145,596)	-	225,934
Valuation differences of property, plant and equipment	52,874	158,546		(27,019)	184,401
Other deferred tax assets	6,305	3,525	(6,305)	-	3,525
	268,201	**400,137**	**(151,901)**	**(61,204)**	**455,233**
Offsets	(25,037)	-	544	6,485	(18,008)
Deferred tax assets net of offsets	**243,164**	**400,137**	**(151,357)**	**(54,719)**	**437,225**

12. Profit (Loss) from Discontinued Operations

This account had a zero balance.

NOTES TO THE BALANCE SHEET

Assets

13. Property, Plant and Equipment - 1,959,595,000 euros

(thousands of euros)	Land and buildings	Plant and machinery	Manufacturing and distribution equipment	Other assets	Constr. in progress and advances	Total
Balance at 12.31.2014 (A)	**371,269**	**2,062,230**	**1,749**	**2,632**	**99,990**	**2,537,870**
Changes in 2015:						
- Additions	751	40,290	514	364	74,488	116,407
- Disposals (-)	(159)	(7,017)	-	(3)	-	(7,179)
- Depreciation (-)	(13,111)	(207,845)	(500)	(930)	-	(222,386)
- Revision of decommisioning	-	15,575	-	-	-	15,575
- Writedowns (-)	(25,287)	(455,368)	(37)	-	-	(480,692)
- Other changes	1,477	7,256	111	368	(9,212)	-
Total changes (B)	**(36,329)**	**(607,109)**	**88**	**(201)**	**65,276**	**(578,275)**
Balance at 12.31.2015 (A+B)	**334,940**	**1,455,121**	**1,837**	**2,431**	**165,266**	**1,959,595**
Breakdown:						
- Historical cost	556,335	4,810,237	9,991	13,963	165,266	5,555,792
- Writedowns (-)	(63,093)	(907,439)	(87)	(73)	-	(970,692)
- Accumulated depreciation (-)	(158,302)	(2,447,677)	(8,067)	(11,459)	-	(2,625,505)
Net carrying amount	**334,940**	**1,455,121**	**1,837**	**2,431**	**165,266**	**1,959,595**

The main changes compared with 2014 concern for the most part writedowns recognized further to the outcome of an impairment test performed by the Company, discussed in detail in the following paragraph "Impairment test applied to the value of goodwill and other intangibles and property, plant and equipment pursuant to IAS 36."

The total value of these assets reflects **construction in progress and advances** amounting to 165,266,000 euros attributable primarily to the **hydrocarbons operations**, mainly for the development of some onshore and offshore gas and oil fields in Italy.

The main changes that occurred in 2015 are reviewed below:

- **Additions** of 116,407,000 euros, including:
  - 33,766,000 euros for the **electric power operations**, mainly to replace components of some hydroelectric ad thermoelectric power plants;
  - 80,031,000 euros for the **hydrocarbons operations**, to develop the Clara NW platform and Ibleo and the entry into service of work over of the Vega field.
- **Depreciation**, which increased to 222,386,000 euros, or 24,364,000 euros more than the amount reported in 2014 (198,022,000 euros); more detailed information is provided in Note "7. Depreciation, Amortization and Writedowns."
- **Writedowns** due to the effect of the impairment test, amounting to 480,692,000 euros, as detailed below.
- The net carrying amount of **property, plant and equipment** includes **assets transferable without consideration** attributable mainly to Edison's hydroelectric operations, which hold directly 23 concessions. A breakdown is as follows:

Assets transferable without consideration

(thousands of euros)	Historical cost	Depreciation and writedowns	Net carrying amount at 12.31.2015	Net carrying amount at 12.31.2014
Buildings and other assets	12,108	(11,637)	471	633
Plant and machinery	303,628	(268,156)	35,472	44,986
Total	**315,736**	**(279,793)**	**35,943**	**45,619**

No amount of financial expense was capitalized in property, plant and equipment in the reporting period, consistent with the requirements of IAS 32 Revised.

14. Investment Property - 5,608,000 euros

(thousands of euros)

Balance at 12.31.2014 (A)	**5,679**
Changes in 2015:	
- Disposals (-)	(3)
- Depreciation (-)	(68)
Total changes (B)	**(71)**
Balance at 12.31.2015 (A+B)	**5,608**
Breakdown:	
- Historical cost	7,406
- Accumulated depreciation (-)	(872)
- Writedowns (-)	(926)
Net carrying amount	**5,608**

The balance in this account refers to land and buildings that are not used for production activities.

15. Goodwill - 1,751,840,000 euros

Goodwill decreased by 535,500,000 euros compared with December 31, 2014, due mainly to a writedown recognized further to the outcome of an impairment test performed at the end of the year and for 42,750,000 euros as a result of a partial allocation to the disposal assets of the value attributed to Hydros and SEL equity investments. Detailed information is provided in the note entitled "Impairment Test Applied to the Value of Goodwill and Other Intangibles and Property, Plant and Equipment Pursuant to IAS 36." The residual value of goodwill is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments and must be tested for impairment at least once a year.

16. Hydrocarbon Concessions - 55,076,000 euros

(thousands of euros)

Balance at 12.31.2014 (A)	**111,752**
Changes in 2015:	
- Accumulated amortization (-)	(13,306)
- Writedowns (-)	(43,370)
Total changes (B)	**(56,676)**
Balance at 12.31.2015 (A+B)	**55,076**
Breakdown:	
- Historical cost	328,178
- Accumulated amortization (-)	(229,643)
- Writedowns (-)	(43,459)
Net carrying amount	**55,076**

Changes compared with December 31, 2014 mainly refers, in addition to the amortization in the exercise, to the writedowns recognized as outcome of the impairment test performed by the company and for more details please refer to the following paragraph "Impairment Test in Accordance with IAS 36 Applied to the Value of Goodwill, Property, Plant and Equipment and Other Intangibles".
Concessions for the production of hydrocarbons consist of 47 hydrocarbon production leases in Italy.
The table below provides a **disclosure about the concessions** held by the Company. The corresponding carrying amounts are included under "Property, plant and equipment" and "Hydrocarbon concessions."

		Remaining life	
	Number	from	to
Hydroelectric concessions	23	1	29
Hydrocarbon concessions	47		unit of production (*)

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

17. Other Intangible Assets - 78,565,000 euros

(thousands of euros)

Balance at 12.31.2014 (A)	**85,774**
Changes in 2015:	
- Additions (-)	3,479
- Amortization (-)	(10,688)
Total changes (B)	**(7,209)**
Balance at 12.31.2015 (A+B)	**78,565**
Breakdown:	
- Historical cost	192,518
- Accumulated amortization (-)	(113,298)
- Writedowns (-)	(655)
Net carrying amount	**78,565**

The balance includes the following:
- 71,538,000 euros for an intangible asset recognized in 2014 for the value of the electric power offtake contract, with a total duration of 10 years (nine years remaining) in connection with the new renewable energy hub;
- 3,575,000 euros for patents, licenses and similar rights consisting mainly of software licenses;
- 3,452,000 euros for work in progress.

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

The impairment test performed on the separate financial statement of the Group's Parent Company in accordance with IAS 36 required writedowns totaling 1,017 million of euros of which:
- 493 million euros on goodwill;
- 399 million euros on Electric Power Operations assets;
- 125 million euros on Hydrocarbons Operations, of which 43 million euros on hydrocarbons concessions.

Consistent with past practice, the impairment test was applied separately to goodwill and to the assets of the CGUs.

The test was carried out with the support of an independent appraiser based on the cash flows of the approved 2016 Budget, and on long-term projections developed by management as presented to the Board of Directors on December 8, 2015.
These documents reflect top management's best estimate 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, on February 15, 2016, which approved the results.
Consistent with the past practice, the recoverable value was estimated based on value in use using the "financial method".
Consistent with previous years, the recoverable value was estimated based on value in use, using the "financial method".
The recoverable value (understood as value in use) was determined based on:
- a medium-term plan's explicit projection horizon of four years and on long-term projections developed by management (2020-2023), considering cash flows net of future developments (so-called inertial plan);
- an operating cash flow, duly normalized to reflect regular operating conditions and considering a nominal annual growth rate between 0% and 2% and a terminal value;
- 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 trend for the price of Brent crude, the discount rate parameters, 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 (WACC). Specifically, for 2015 exercise an estimated median after tax rate was determined as follows:

Discount rate by CGUs

	12.31.2015		12.31.2014
	2016	post 2016	2015
Electric Power Operations	6.2%	6.3%	6.8%
Hydrocarbons Operations	7.9%	8.0%	8.1%

Compared with the previous year, there is a sharp difference due to impairment indicator related to high volatility in reference scenario (brent prices, linked commodities prices, exchange rates) and to demand crisis, increased in the second half of 2015.

1) **Hydrocarbons Operations:**
   a. The slump in **Brent** prices, which began in the second half of 2014 and reached its full impact in 2015, driving the Brent crude to a level approximately half of the 2014 average price, which had a major impact on other commodities and on the hydrocarbon sector, the exploration and production activities in particular. The brent slump is partially compensated by the strengthening of the dollar versus the euro.
   a. Gas prices over the short/medium term were affected by expectations of low growth in international demand and an abundant supply on the European market, with prices on the Italian market tending to align with those on other European hubs bringing to expectations of higher priced shifted further into the future.
2) **Electric Power Operations:**
   a. The Italian market continues to suffer from over capacity situation and from the increasing contribution of renewables. The price quoted for electric power (PUN) over the short/medium term reflect the different price levels for fuel sharply down with an impact on production profiles.
   b. The different evolution of the marginal cost in the thermoelectric sector in 2015 compared with 2014 resulted in a reduction of the margins generated through optimization which, when coupled with a forecast restraint of "capacity payment", contributed to compressing profitability in the electric sector tied to activities in the services market.

The following sensitivity and other analyses were also carried out:

- for the Electric Power Operations, conservative sensitivity analyses were performed for the capacity payment;
- for the Hydrocarbons Operations, taking into accounts the high fluctuations of Brent prices between the end of 2015 and the beginning of 2016, a sensitivity analysis was performed which reflects, based on early 2016, forward projections for Brent prices and foreign exchange rates, different assumptions for reference scenario compared to the medium/long term plan.

In order to determine if the value of its **property, plant and equipment and intangibles** had been impaired, Edison tested 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 for the production of electric power and hydrocarbons.
As was the case in previous years, these assets were aggregated CGUs defined by two factors relating on one side to the production source and the corresponding technology and from the other side to the current target market, also differentiating between reference countries.
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 as value in use.

For this purpose it has been used:

- the economic-financial plans for each CGU and on a time horizon equal to the useful lives of its assets, which, until 2019, were those obtained from the 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;
- the post-tax cash flows used for each CGU were discounted using rates that were consistent with those applied testing goodwill for impairment.

Please note that for the Hydrocarbons Operations sensitivity analyses were performed for Brent crude prices and foreign exchange rates based on the early 2016 forward projections, different assumptions for trends in the scenario; this sensitivity was weighted at 50% with base scenario.
The table below shows the main impairment indicators and the writedowns.

Main assumptions for groups of CGUs and writedown

Segment/CGU	Main assumptions	Writedown (millions of euros)
Electric Power Operations	Scenario/Production profiles/Useful life	399
- Thermoelectric CGU		
Hydrocarbons Operations (*)		
- Italy E&P CGU	Scenario/ Revision of production profiles	125
Total writedown		**524**

(*) of which 43 million euros referred to hydrocarbons concessions

18. Investments in Associates and Available-for-sale Investments - 1,100,755,000 euros

(thousands of euros)	Equity investments	Available-for-sale investments	Total
Balance at 12.31.14 (A)	**1,433,137**	**174,176**	**1,607,313**
Changes in 2015:			
- Additions	9,826	-	9,826
- Changes in share capital and reserves	2,200	-	2,200
- Distribution of share capital and reserves	(37,489)	(5,837)	(43,326)
- Coverage of losses	136	-	136
- Revaluations (+)/writedowns (-) recognized in P&L	(404,941)	(1,470)	(406,411)
- Other changes (-)	(68,995)	12	(68,983)
Total changes (B)	**(499,263)**	**(7,295)**	**(506,558)**
Balance at 12.31.15 (A+B)	**933,874**	**166,881**	**1,100,755**
Breakdown:			
- Historical cost	1,869,421	180,249	2,049,670
- Writedowns (-)	(935,547)	(13,368)	(948,915)
Net carrying amount	**933,874**	**166,881**	**1,100,755**

As required by the Italian Civil Code, information about the changes that occurred during the year and detailed data about investments in subsidiaries, affiliated companies, joint ventures and other companies is provided in the schedule entitled "List of Equity Investments at December 31, 2015" annexed to these Separate Financial Statements.

The main changes are reviewed below:

- the main **additions** include 100% of Shen Spa, a company in the hydroelectric sector, for 7,124,000 euros and an additional 2.71% interest in Galsi Spa for 2,701,000 euros;
- **distributions of share capital and reserves** refers to those carried out by Edison Partecipazioni Energie Rinnovabili (37,489,000 euros) and Terminale GNL Adriatico Srl (5,837,000 euros);
- **writedowns recognized in profit or loss** reflect adjustments to the carrying values of some equity investments,

as described earlier in Note 9. It should be noted in particular the writedown for the losses incurred by the Edison International Holding NV subsidiary, which through its investee companies is active in United Kingdom E&P activities and by the Edison International Spa subsidiary which through its investee companies is active in Egypt and Croatia E&P activities;

- **other changes** include the reclassification into "assets held for sale" of the carrying amounts for Hydros Spa and Sel Edison Spa, as explained in the separate section of this Report on the adoption of IFRS 5.

19. Other Financial Assets - 11,451,000 euros

Other financial assets, which decreased by 7,895,000 euros compared with December 31, 2014, include loans receivable with a maturity of more than 12 months.

20. Deferred tax Assets - 437,225,000 euros

(thousands of euros)	2015	2014	Change
Deferred tax liabilities:			
Adoption of the standard on finance leases (IAS 17)	18,008	25,024	(7,016)
Adoption of the standard on financial instruments (IAS 39), with impact on:			-
- the income statement	-	-	-
- shareholders' equity	-	-	-
Other deferred taxes	-	13	(13)
Total deferred tax liabilities (A)	**18,008**	**25,037**	**(7,029)**
Deferred tax assets usable for offset purposes:			
Tax assets for tax losses	-	22,071	(22,071)
Taxed provisions for risks	41,373	41,355	18
Adoption of the standard on financial instruments (IAS 39), with impact on:			
- the income statement	-	-	-
- shareholders' equity	225,934	145,596	80,338
Valuation differences of property, pant and equipment	184,401	52,874	131,527
Other prepaid taxes	3,525	6,305	(2,780)
Total deferred tax assets (B)	**455,233**	**268,201**	**187,032**
Net deferred tax liabilities	**(437,225)**	**(243,164)**	**(194,061)**

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

The change in deferred tax assets compared with December 31, 2014 reflects an increase resulting from the impairment test, partially offset by the effects of the changes in tax laws.

For more details, see the information provided in Note 11 "Income Taxes".

21. Other Assets - 251,639,000 euros

(thousands of euros)	12.31.2015	12.31.2014 (*)	Change
Fair value of derivatives of industrial portfolio and trading activities:			
Outsiders	163,230	115,820	47,410
Subsidiaries	-	75,434	(75,434)
EDF Trading	62,138	20,755	41,383
Total fair value of derivatives of industrial portfolio and trading activities	**225,368**	**212,009**	**13,359**
Tax refunds receivable	16,047	7,792	8,255
Security deposits	2,957	4,027	(1,070)
Other receivables	7,267	7,267	-
Take-or-pay advances on gas contracts	-	144,245	(144,245)
Total other assets	**251,639**	**375,340**	**(123,701)**

(*) The amounts have been restated as a result of the new presentation of fair value on industrial portfolio derivatives.

Please note that advances paid under long-term natural gas supply contracts for gas volumes that the Company was unable to take delivery of but is required to pay for, due to take-or-pay contract clauses, were recovered in full due to the exercise of the make-up clause.
The entire amount of the fair value of derivatives receivables from subsidiaries refers to Edison Trading Spa.

22. Current Assets - 4,689,546,000 euros

(thousands of euros)	12.31.2015	12.31.2014	Change
Inventories	106,331	229,524	(123,193)
Trade receivables	1,558,213	726,380	831,833
Current tax assets	1,359	14,667	(13,308)
Other receivables	1,290,365	1,077,883	212,482
Current financial assets	1,686,001	2,162,297	(476,296)
Cash and cash equivalents	47,277	75,875	(28,598)
Total current assets	**4,689,546**	**4,286,626**	**402,920**

(*) The amounts have been restated as a result of the new presentation of fair value on industrial portfolio derivatives.

More in detail:

- **inventories,** which when necessary are aligned to their estimated realizable value, consist mainly of stored hydrocarbon products, valued at 89,919,000 euros (212,332,000 euros at December 31, 2014) and supplies and equipment used to maintain and operate the Company's production facilities totaling 16,412,000 euros (17,192,000 euros at the end of 2014). Inventories also include, for 34,309,000 euros (108,052,000 euros at the end of 2014), restricted quantities of stored natural gas earmarked for use as a strategic reserve and to secure the balancing system;
- **trade receivables** originate mainly from contracts to supply electric power, steam and natural gas. A breakdown of trade receivables by business segment is provided below:

(thousands of euros)	12.31.2015	12.31.2014	Change
Hydrocarbons operations	1,436,492	596,128	840,364
Electric power operations	121,721	130,252	(8,531)
Total trade receivables	**1,558,213**	**726,380**	**831,833**
Broken down as follows:			
- amount owed by outside customers	914,489	399,846	514,643
- amount owed by subsidiaries and affiliated companies	643,724	326,534	317,190
Total trade receivables	**1,558,213**	**726,380**	**831,833**
Allowance for doubtful accounts	**(42,306)**	**(35,810)**	**(6,496)**

The increase compared with December 31, 2014 is attributable mainly to the remaining receivables generated by the conclusion of the arbitration for the long-term contract to buy gas from Libya.

The table below shows the changes that occurred in the **allowance for doubtful accounts:**

(thousands of euros)	Balance at 12.31.2014	Utilizations	Additions	Balance at 12.31.2015
Total	**35,810**	**(1,062)**	**7,558**	**42,306**

Additions to the allowance reflect the assessment, consistent with Group policy, of the credit status of the various customers, taking into account customer segment, receivables in arrears and the aging of receivables. Please note that Edison Spa carries out on a regular basis transactions irrevocably assigning receivables without recourse, both on a revolving monthly and quarterly basis and on a spot basis; for additional details please see the special disclosure provided in the "Financial Risk Management" section.

The table that follows provides a breakdown of receivables owed by **subsidiaries and affiliated companies**:

(thousands of euros)	12.31.2015	12.31.2014	Change
Subsidiaries			
Edison Energia	508,121	231,089	277,032
Edison Trading	128,247	38,438	89,809
Termica Milazzo	6,209	9,564	(3,355)
Edison International	307	-	307
Edison Stoccaggio	275	46,507	(46,232)
Termica Cologno	145	198	(53)
Edison E&P UK	80	-	80
Edison Idrocarburi Sicilia	46	488	(442)
Infrastrutture Distribuzione Gas	-	175	(175)
Other companies	25	6	19
Total subsidiaries (A)	**643,455**	**326,465**	**316,990**
Joint ventures and affiliated companies			
Sel Edison	-	69	(69)
Prometeo	269	-	269
Total joint ventures and affiliated companies (B)	**269**	**69**	**(69)**
Total (A+B)	**643,724**	**326,534**	**316,921**

It should be noted that the increase in receivable by Edison Energia is mainly attributable to the increase in gas volumes sold compared to the previous exercise.

- **Current tax assets** include 1,359,000 euros (14,667,000 euros at the end of 2014) receivable from the revenue administration for the Robin Hood corporate income tax (IRES) surcharge. The decrease compared to 2014 is due to the use of IRAP receivable of 4,408,000 euros to offset the liability of the exercise and to the reclassification between non-curren assets of refunds requested for a portion of Robin Hood IRES surcharge equal to 8,200,000 euros.

• A breakdown of **other receivables** is provided below:

(thousands of euros)	12.31.2015	12.31.2014(*)	Change
Fair value of derivatives of industrial portfolio and trading activities:			
Outsiders	783,146	594,478	188,668
Subsidiaries	155,488	155,203	285
EDF Trading	65,261	45,204	20,057
Total fair value of derivatives of industrial portfolio and trading activities	**1,003,895**	**794,885**	**209,010**
Receivable from Transalpina di Energia Spa for the consolidated income tax return	-	133,996	(133,996)
Amounts owed by partners and assoc. in hydrocarbon exploration projects	25,826	45,513	(19,687)
Provision of technical, admin. and financial services to Group companies	36,429	21,119	15,310
VAT receivable from the tax administration	126,208	6,803	119,405
Sundry items	98,007	75,567	22,440
Total other receivables	**1,290,365**	**1,077,883**	**212,482**
Broken down as follows:			
- amount owed by outsiders	1,088,537	890,117	198,420
- amount owed by subsidiaries and affiliated companies	201,828	187,766	14,062
Total other receivables	**1,290,365**	**1,077,883**	**212,482**
Amount of allowance for doubtful accounts	**(16,328)**	**(16,260)**	**(68)**

(*) The amounts have been restated as a result of the new presentation of fair value on industrial portfolio derivatives.

The decrease in **current receivables deriving from the fair value valuation of derivatives** executed to hedge the **industrial portfolio** should be analyzed in conjunction with the corresponding liability included in "Current liabilities" (up from 932,590,000 euros to 1,345,557,000 euros - Note 31). This change primarily reflects the trends in the price and foreign exchange scenarios. 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 other receivables relate mainly to realized derivatives among which are the exposures as a result of the agency contract with Edison Trading about gas trading.

Receivables from subsidiaries and affiliated companies consist mainly of receivables for derivatives, services provided and receivables under the VAT pool. A breakdown is provided below:

(thousands of euros)	12.31.2015	12.31.2014	Change
Subsidiaries and affiliated companies			
Edison Trading	176,094	168,145	7,949
Edison Energia	14,167	6,672	7,495
Edison Stoccaggio	2,151	-	2,151
Hydros	-	2,776	(2,776)
AMG Gas	984	1,675	(691)
Edison International	539	1,633	(1,094)
Edison Energie Speciali	-	895	(895)
Dolomiti Edison Energy	544	624	(80)
Termica Milazzo	2,716	-	2,716
Gever	-	-	-
Other companies	4,633	5,346	(713)
Total	**201,828**	**187,766**	**14,062**

- A breakdown of **current financial assets** is as follows:

(thousands of euros)	12.31.2015	12.31.2014	Change
Loans receivable	1,655,153	2,115,646	(460,493)
Derivatives	28,374	44,917	(16,543)
Equity investments held for trading	2,474	1,734	740
Total current financial assets	**1,686,001**	**2,162,297**	**(476,296)**

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:

(thousands of euros)	12.31.2015	12.31.2014	Change
Subsidiaries			
Edison International	1,069,958	1,128,433	(58,475)
Edison Stoccaggio	215,569	201,343	14,226
Edison Norge	114,032		
Infrastrutture Trasporto Gas	75,805	81,612	(5,807)
Edison Energia	70,322	641,525	(571,203)
Infrastrutture Distribuzione Gas	41,027	32,635	8,392
Edison E&P UK	25,370		
Compagnia Energetica Bellunese	9,277	10,247	(970)
Edison International Holding NV	6,415	-	6,415
Dolomiti Edison Energy	5,390	-	5,390
Gever	4,875	6,415	(1,540)
Sistemi di Energia	4,657	5,352	(695)
Edison Energy Solutions	4,141	1,327	2,814
AMG Gas	3,105	204	2,901
Parco Eolico Castelnuovo	-	246	(246)
Total subsidiaries (A)	**1,649,943**	**2,109,339**	**(459,396)**
Joint ventures and affiliated companies			
Ibiritermo	5,210	6,307	(1,097)
Total joint ventures and affiliated companies (B)	**5,210**	**6,307**	**(1,097)**
Total (A+B)	**1,655,153**	**2,115,646**	**(460,493)**

- 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;
- **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;

- **cash and cash equivalents**, which totaled 47,277,000 euros (75,875,000 euros at December 31, 2014), consist of short-term deposits in bank and postal accounts and other readily available assets within three months.

23. Assets Held for Sale - 111,850,000 euros

The item includes assets of Hydros and Sel Edison comprehensive of the goodwill allocated to them. For further details please refer to paragraph “Disclosure pursuant to IFRS 5”.

Liabilities and Shareholders' Equity

24. Shareholders' Equity - 4,618,610,000 euros

Edison's shareholders' equity decreased by 962,543,000 euros, compared with 5,581,153,000 euros at December 31 2014.

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

- 776,014,000 euros for the loss for the year;
- 188,318,000 euros for the net negative change in the Cash flow hedge reserve.

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:

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

The table below provides a breakdown of the 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 effective portion of derivatives executed to hedge price and foreign exchange risks on energy commodities. The amounts recognized directly in equity will be reflected in the income statement concurrently with the economic effects produced by the hedged item.

Reserve for Cash Flow Hedge Transactions

(thousands of euros)	Gross reserve	Deferred taxes	Net reserve
Balance at 12.31.2014	(468,705)	145,596	(323,109)
- Change in 2015	(268,656)	80,338	(188,318)
Balance at 12.31.2015	**(737,361)**	**225,934**	**(511,427)**

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

Reserve for actuarial gains and losses (IAS 19)

(thousands of euros)	Reserve
Balance at 12.31.2014	(2,473)
- Change in 2015	1,790
Balance at 12.31.2015	**(683)**

25. Provision for Employee Severance Indemnities and Provisions for Pensions - 21,672,000 euros

(thousands of euros)	
Balance at 12.31.2014 (A)	**24,836**
Changes in 2015:	
- Utilizations (-)	(1,901)
- Discounting (gains) losses (+/-)	(1,790)
- Financial expense (+)	527
Total changes (B)	**(3,164)**
Balance at 12.31.2015 (A+B)	**21,672**

This provision reflects the accrued severance indemnities and other benefits owed to employees at the end of the reporting period. Actuarial gains and losses, the net amount of which was 683,000 euros (2,473,000 euros at December 31, 2014), are recognized directly in equity. An actuarial valuation in accordance with IAS 19 was performed only for the liability corresponding to the Provision for employee severance indemnities that is still held by the Company. The parameters used for this valuation are as follows:

	12.31.2015	12.31.2014
Technical annual discount rate	2.40%	2.20%
Annual inflation rate	0.60%	2.00%

26. Provision for Deferred Taxes

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

27. Provisions for Risks and Charges - 802,853,000 euros

(thousands of euros)	12.31.2014	Additions	Utilizations	Other changes	12.31.2015
Risks for disputes, litigation and contracts	139,335	3,636	(13,956)	-	129,015
Charges for contractual guarantees on sale of equity investments	74,595	-	-	-	74,595
Environmental risks	64,891	3,548	(3,976)	-	64,463
Other judicial risks	10,002	-	-	(2)	10,000
Disputed tax items	40,656	8,210	(4,674)	-	44,192
Total for judicial and tax-related disputes	**329,479**	**15,394**	**(22,606)**	**(2)**	**322,265**
Provisions for site decommissioning and remediation	395,760	18,168	(5,751)	15,575	423,752
Risks on equity investments	42	-	-	-	42
Provision for CO_2 emissions rights and Green Certificates	313	-	(313)	114	114
Other risks and charges	26,281	34,249	(3,852)	2	56,680
Total	**751,875**	**67,811**	**(32,522)**	**15,689**	**802,853**

The reduction in the **provisions for judicial and tax-related disputes** primarily reflects utilizations for risks related non-core business activities.
Please refer to following paragraph "Risks and Contingent Liabilities Arising from Judicial and Tax-related Disputes" for further details.

The **provisions for site decommissioning and remediation** 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 show a net increase mainly as a result of additions for financial expenses related to the discounting process.
The **provisions for other risks and charges** refer mainly to for possible future charges related to contractual and regulatory issues.

28. Bonds - 599,295,000 euros

(thousands of euros)

Market where traded	Currency	Par value outstanding	Coupon	Rate	Maturity	Carrying value			Fair value
						Non-current portion	Current portion	Total	
Luxembourg Secur. Exch.	EUR	600	Annual in arrears	3.875%	11.10.2017	599,295	28,502	627,797	643,471

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

29. Long-term Financial Debt and Other Financial Liabilities - 626,729,000 euros

(thousands of euros)	12.31.2015	12.31.2014	Change
Banks	159,447	173,185	(13,738)
EDF Investissements Groupe Sa	397,273	796,430	(399,157)
EDF Sa	69,980	-	69,980
Other lenders	29	44	(15)
Total	**626,729**	**969,659**	**(342,930)**

The amount due to banks refers mainly to the direct medium/long-term credit line provided by the European Investment Bank (EIB) earmarked to finance natural gas storage projects and subject, in addition to clauses that are standard for direct long-term facilities, to usage restrictions that the EIB imposes for special purpose facilities provided to industrial companies.

The amount owed to the EDF group includes the following:

- the loan provided in 2013 with seven-year maturity to Edison Spa by EDF Investissements Groupe Sa with original face value of nominal 800 million euros, reimbursed in advance for 400 million euros in December 2015;
- a partial utilization of 70 million euros of a new medium-long term credit line of 200 million euros provided by EDF Sa for a maximum term of 10 years, relating to E&P projects and correlated to a credit line provided by BEI to EDF Sa.

These 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.

30. Other Liabilities - 313,877,000 euros

(thousands of euros)	12.31.2015	12.31.2014(*)	Change
Fair value of derivatives of industrial portfolio and trading activities:			
Outsiders	305,223	321,236	(16,013)
Subsidiaries	187	171	16
EDF Trading	8,467	2,287	6,180
Other liabilities	**313,877**	**323,694**	**(9,817)**

(*) The amounts have been restated as a result of the new presentation of fair value on industrial derivatives.

31. Current Liabilities - 3,469,936,000 euros

(thousands of euros)	12.31.2015	12.31.2014(*)	Change
Bonds	28,502	552,809	(524,307)
Short-term financial debt	887,896	489,950	397,946
Trade payables	821,846	1,146,006	(324,160)
Current taxes payable	20,392	-	20,392
Other liabilities	1,711,300	1,121,657	589,643
Total current liabilities	**3,469,936**	**3,310,422**	**159,514**

(*) The amounts have been restated as a result of the new presentation of fair value on industrial derivatives.

- **Bonds** totaling 29 million euros include the total accrued interest at December 31, 2015; the decrease compared with December 31, 2014 reflects the repayment of the bond issue that matured on March 17, 2015, with a face value of 500 million euros issue in March 2010.

- The table below shows a breakdown of **short-term financial debt** by counterparty:

(thousands of euros)	12.31.2015	12.31.2014	Change
Due to subsidiaries and affiliated companies	699,263	398,768	300,495
Due to banks	13,949	37,189	(23,240)
Due to factor companies	21,110	35,113	(14,003)
Due to EDF group	58,494	17,059	41,435
Due to Transalpina di Energia Spa	95,008	-	95,008
Interest rate and foreign exchange derivatives	51	1,796	(1,745)
Other	21	25	(4)
Total	**887,896**	**489,950**	**397,946**

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

(thousands of euros)	12.31.2015	12.31.2014	Change
Edison Trading	530,312	205,777	324,535
Edison International Holding NV	47,668	28,350	19,318
Edison Partecipazioni Energie Rinnovabili	35,210	53,954	(18,744)
Termica Milazzo	23,773	12,737	11,036
Edison Idrocarburi Sicilia	18,325	28,643	(10,318)
Termica Cologno	12,693	12,163	530
Poggio Mondello	10,206	10,358	(152)
Nuova Alba	6,952	6,180	772
Jesi Energia	5,566	9,134	(3,568)
Nuova Cisa	5,450	5,668	(218)
Infrastrutture Trasporto Gas	2,148	4,721	(2,573)
Shen	773	-	773
Parco Eolico Castelnuovo	123	-	123
Edison Stoccaggio	-	10,936	(10,936)
Edison Energie Speciali	-	10,067	(10,067)
Other subsidiaries	64	80	(16)
Total subsidiaries	**699,263**	**398,768**	**300,495**

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

(thousands of euros)	12.31.2015	12.31.2014	Change
Hydrocarbons operations	700,175	1,004,937	(304,762)
Electric power operations	76,510	110,574	(34,064)
Corporate activities	45,161	30,495	14,666
Total trade payables	**821,846**	**1,146,006**	**(324,160)**
Breakdown:			
- Outsiders	786,620	1,084,619	(297,999)
- Subsidiaries and affiliated companies	35,226	61,387	(26,161)
Total trade payables	**821,846**	**1,146,006**	**(324,160)**

They refer mainly to purchases of natural gas under long-term contracts.

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

(thousands of euros)	12.31.2015	12.31.2014	Change
Subsidiaries and affiliated companies:			
E2i Energie Speciali	9,784	11,155	(1,371)
Edison Trading	21,375	41,036	(19,661)
Edison International	4,067	5,486	(1,419)
Other companies	-	3,710	(3,710)
Total	**35,226**	**61,387**	**(22,451)**

- **current tax liabilities**, which amounted to 20,392,000 euros. refer mainly to the regional tax (IRAP) accrued during the year, net of credits accrued in previous years;

- a breakdown of **Other liabilities** is provided below:

(thousands of euros)	12.31.2015	12.31.2014(*)	Change
Fair value of derivatives of industrial portfolio and trading activities:			
Outsiders	1,302,836	845,516	457,320
Subsidiaries	14,613	48,064	(33,451)
EDF Trading	28,108	39,010	(10,902)
Total fair value of derivatives of industrial portfolio and trading activities	**1,345,557**	**932,590**	**412,967**
Transalpina di Energia - tax consolidation	153,082	-	153,082
Joint holders of permits and concessions for the production of hydrocarbons	59,787	75,716	(15,929)
Amounts payable to employees	21,914	19,652	2,262
Due to pension and social security institutions	16,492	15,932	560
Payables for VAT in pool with subsidiaries	2,511	14,763	
Sundry items	111,957	63,004	48,953
Total other liabilities	**1,711,300**	**1,121,657**	**601,895**
Breakdown:			
- Outsiders	1,687,478	1,045,755	641,723
- Subsidiaries and affiliated companies	23,822	75,902	(52,080)
Total	**1,711,300**	**1,121,657**	**589,643**

(*) The amounts have been restated as a result of the new presentation of fair value on industrial derivatives.

The **liabilities deriving from the fair value valuation of derivatives** executed to hedge the **industrial portfolio** should be analyzed in conjunction with the corresponding receivable included in **current assets** (increased from 794,885,000 euros to 1,003,895,000 euros) (Note 22).

The other liabilities relate mainly to realized derivatives among which are the exposures as a result of the agency contract with Edison Trading about gas trading.

Other liabilities towards subsidiaries and affiliated companies refer mainly to liabilities deriving from derivative transactions and the VAT pool. A breakdown is provided below:

(thousands of euros)	12.31.2015	12.31.2014	Change
Subsidiaries			
Edison Trading	17,450	28,065	(10,615)
Edison Energia	3,194	44,056	(40,862)
Edison Idrocarburi Sicilia	571	-	571
Gever	546	576	(30)
Termica Milazzo	-	623	(623)
Edison International	-	436	(436)
Edison Stoccaggio	-	433	(433)
Other companies	2,061	1,713	348
Total	**23,822**	**75,902**	**(52,080)**

32. Liabilities Held for Sale - 179,000 euros

This item includes trade payables owed to Hydros and Sel Edison. For further details on the operation please refer to the paragraph "Disclosure Pursuant to IFRS 5".

NET FINANCIAL DEBT

(millions of euros)	Note	12.31.2015	12.31.2014	Change
Bonds – non-current portion	28	599	599	-
Amounts due to other lenders – non-current portion	29	467	796	(329)
Non-current bank loans	29	160	173	(13)
Net long-term financial debt		**1.226**	**1.568**	**(342)**
Bonds – current portion	31	29	553	(524)
Current loans payable	31	888	490	398
Current financial assets	22	(1.686)	(2.162)	476
Cash and cash equivalents	22	(47)	(76)	29
Net short-term financial debt		**(816)**	**(1.195)**	**379**
Total net financial debt		**410**	**373**	**37**

The net financial debt at December 31, 2015, amounted to 410,000,000 euros, is increased of 37,000,000 euros compared to December 31, 2014.
The overall change in net financial debt compared with December 31, 2014 is chiefly the result of working capital dynamics.
It should be noted in particular that:

- at the end of December the company has reduced the non-current financial debt reimbursing in advance 400,000,000 euros of the EDF Investissements Groupe Sa loans made possible as a result of the early collection related to the arbitration with ENI;
- the decrease shown for current bonds payable reflects the redemption, on the maturity date of March 17, 2015, of a bond issue with a face value of 500 million euros.

The change also reflects the change in operating cash flows, the effect of outlays for investments in property, plant and equipment and intangibles (120 million euros), tax payments (13 million euros) and net financial expense (25 million euros) offsetted by the collection of dividends (220 million euros) and the distribution of capital and reserves (43 million euros) by subsidiaries and affiliated companies.

Net financial debt includes the following items:

- 469 million euros payable to EDF group companies, which includes 467 million euros carried as non-current amount owed to other lenders and 2 million euros carried as current financial debt;
- 95 million euros in current financial debt owed to Transalpina di Energia;
- 57 million euros treasury account with EDF Sa.

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

COMMITMENTS, RISKS AND CONTINGENT ASSETS

Commitments - 1,212,127,000 euros

(thousands of euros)	12.31.2015	12.31.2014	Change
Guarantees provided	1,129,869	1,178,658	(48,789)
Collateral provided	6,372	7,469	(1,097)
Other commitments and risks	75,886	212,890	(137,004)
Total	**1,212,127**	**1,399,017**	**(186,890)**

Guarantees provided were determined based on the undiscounted amount of contingent commitments on the balance sheet date. Guarantees provided included the following:
- 71,261,000 euros in guarantees provided by Edison Spa to the Milan tax office on behalf of subsidiaries for offsetting VAT credits and intragroup transfers of tax credits;
- guaranteed provided by the Company or by banks and counterguaranteed by the Company on its own behalf and on behalf of subsidiaries and affiliated companies to secure the performance of contractual obligations account for the balance.

Collateral provided, which represents the value on the reporting date of the assets or rights provided as collateral, consist essentially of pledges encumbering the Ibiritermo shares for the subordinated loan provided to this affiliated company.

Other commitments and risks reflect commitments undertaken for the completion of investment projects in progress for 28,012,000 euros. The net decrease of 137,004,000 euros reflect primarily the elimination of commitments under take-or-pay clauses, which totaled 116,119,000 euros at December 31, 2014. 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 for up to 26 million euros. These new agreements represent extensions of contracts already held by Edison Spa and originally signed for the 2008-2013 period.
- Cartiere Burgo Spa holds a call option to purchase a 51% interest in Gever Spa. This option is exercisable when the contract under which Gever supplies Cartiere Burgo with electric power and steam expires (in 2017) at a price equal to the corresponding pro-rata interest in the company's shareholders' equity.
- Petrobras an option exercisable in 2022 to buy its interest in Ibiritermo Sa at a predetermined price.

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 4 to 19 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	12.9	50.4	117.0	180.3

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

Referring to import natural gas contracts, it is mentioned also an agreement to import natural gas from Algeria (Protocole d'accord), signed with Sonatrach in November 2006 that calls for the supply in future years through a new pipeline sponsorized 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 a total of 20 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 associated with legal and tax disputes

A review, based on information currently available, of the developments affecting the main legal and tax disputes that occurred in 2015, is provided in this paragraph, listing separately actions involving Edison Spa and actions involving other Group companies, with a further differentiation between:

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

Probable liabilities associated with legal disputes

Date started/ Jurisdiction	Description of dispute	Status of proceedings
A) Liabilities for which a provision for disputes, litigation and contracts risks was recognized in the balance sheet:		
Collapse of the Stava Dam		
October 25, 2000 Court of Milan/Milan Court of Appeal	The last civil dispute that is still pending with regard to the events that occurred in Val di Stava in 1985, when the levies of two mining mud holding ponds, operated by a Montedison-owned company were breeched causing the well-known disaster. In its decision, the lower court ruled that the statute of limitation prevented the action filed against Edison. By a decision published in November 2015, the Milan Court of Appeal upheld that decision.	The deadline for filing an appeal with the Court of Cassation is pending.

Date started/ Jurisdiction	Description of dispute	Status of proceedings
Actions for damages and administrative proceedings arising from the operation of industrial facilities conveyed to Enimont. Edison is a party to these proceedings as universal successor to Montedison Spa.		
Porto Marghera – Civil lawsuits		
October 25, 2000 Court of Venice/Venice Court of Appeal	These lawsuits represent the tail end of the so-called "Marghera Maxi-trial," which, as it is well known, involved alleged occurrences of i) manslaughter for exposure to monovinyl chloride and ii) environmental disaster due to pollution for which some former Montedison executives and employees were allegedly responsible. These are lawsuits filed by the counsel of some plaintiffs in the proceedings (heirs to the estates of former employees, environmental associations and local governmental entities, such as the Municipality and Province of Venice and the Veneto Region) seeking payment for the legal expenses they incurred.	The lawsuits are pending at various stages before the lower or appellate court.
Mantua – Criminal Proceedings		
October 25, 2000 Court of Mantua/Brescia Court of Appeal	This trial concerns the Mantua petrochemical facility operated for several decades first by companies of the Montedison Group and later by companies of the ENI group. The facts subject of the pending trial concern determining the fortuity for a series of death caused by cancer identified by the Public Prosecutor and concerning employees of the facility. After a first ruling set by the lower court of Mantua, under which 10 of the 12 defendants were convicted and found guilty of manslaughter in the deaths of 11 people, the Court of Appeal of Brescia on February 5th 2016 confirmed 9 convictions, largely reducing the punishments. However, also the Court of Appeal dismissed a charge, aggravated by the disaster, of "removal or negligent omission of protections against occupational accidents."	Waiting for the publication of the full reasoning of the Court of Appeal.
Mantua – Administrative Proceedings		
2012-2015 Lombardy Regional Administrative Court - Brescia Section	All of the injunctions issued pursuant to Article 244 of Legislative Decree No. 152/2006 (so-called "Environmental Code") and notified to Edison between 2012 and 2015 by the Province of Mantua concerning the remediation of various areas inside and outside the petrochemical facility formerly operated in Mantua by Montedison and currently operated by the ENI group (areas called "Versalis, former chlorine sodium production facility," "Mercury mud landfill area L," "Intake canal for the Versalis plant and the Formigosa fornix," "Basso Mincio," "Sisma Canal," "N" and "B+I") were challenged by the Company and the respective proceeding are pending at the lower level before the Regional Administrative Court of Lombardy - Brescia Section.	For all pending proceedings the Court has yet to schedule a hearing for oral arguments.
Brindisi – Administrative Proceedings		
February 25, 2013 Apulia Regional Administrative Court - Lecce Section	These proceedings concern the industrial park of the Port of Brindisi, where the Montedison Group operated petrochemical facilities for over 60 years. On February 25, 2013, the Province of Brindisi notified to Edison, ENI, Syndial and Versalis an injunction pursuant to Article 244, Section 2, of Legislative Decree No. 152/2006 (so-called "Environmental Code") concerning an alleged landfill adjacent to the Brindisi petrochemical plant. The Company challenged this injunction and, after its plea was denied by the lower court, is waiting for a pronouncement at the appellate level by the Council of State.	Waiting for a hearing for oral arguments to be scheduled.
Crotone – Criminal Proceedings		
2005 Court of Crotone	The proceedings concerned are three. The first concerns the alleged occupational diseases that would have been determined by exposure to asbestos of workers of the chemical facility operated in Crotone by Montecatini Spa (Montedison Group), for events occurring until 1989. The trial is in the final phase. The second is related to a dispute of poisoning of the groundwater and, consequently, of the water intended for feed and the pre-trial hearing is in progress. Also the third is related to occupational disease and the pre-trial hearing is in progress.	As per the description of the dispute.
Belvedere di Spinello – Civil Proceedings		
October 31, 1986 Court of Catanzaro/ Catanzaro Court of Appeal	These proceedings concerning the Belvedere di Spinello mining concession, derives from rock salt mining activities carried out at this location by Montedipe Spa for over 20 years. The proceedings have to do with compensation for the damages suffered by two provincial administrations due to the destruction of a provincial road caused by the collapse of the mine in 1984. These proceedings are pending at the appellate level and the Court requested a technical expert's report.	The filing of the expert's report is still pending.

Date started/ Jurisdiction	Description of dispute	Status of proceedings
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) Liabilities for which a provision for risks for contractual guarantees on sale of equity investments was recognized in the balance sheet:

Civil lawsuits, criminal trials and administrative proceedings concerning the sale of Agorà Spa, which owned 100% of the shares of Ausimont Spa.
Edison is a party to these proceedings in its capacity as universal successor to Montedison Spa.

Ausimont – Bussi sul Tirino – Administrative Proceedings		
June 2011 Latium Regional Administrative Court - Rome Section and Abruzzo Regional Administrative Court - Pescara Section	This dispute concerns the activities to ensure site safety and remediation that Solvay Solexis (now Solvay Specialty Polymers) and Solvay Chimica Bussi were required to implement at areas inside the Bussi sul Tirino chemical plant, operated, until 2002 by Ausimont Spa, a Montedison Group company that was sold to the Solvay. Edison was sued by the companies of the Solvay Group as counter-interested party and as former parent of Ausimont. These proceedings are still pending before the Council of State, after the Regional Administrative Court of Latium, by a decision handed down in March 2011, found that part of the complaints filed by Solvay Chimica Bussi and Solvay Solexis were inadmissible and dismissed other complaints. Still with reference to Bussi sul Trino it is also worth mentioning that, at the end of September 2013, Edison received a communication from the Ministry of the Environment containing an injunction to remove all waste found at landfills located both inside and outside the plant, restore the conditions of the sites and proceed with the remediation of the affected environmental matrices, if contaminated. Edison challenged this communication first before the Abruzzo Regional Administrative Court – Pescara Section and later before the Council of State. On March 5, 2015, the latter handed down a final decision voiding the Ministry's communication.	As per the description of the disputes.
Ausimont – Bussi sul Tirino – Criminal Proceedings		
2008 Court of Pescara/ Chieti Court of Assizes/ Court of Cassation	The events concerning the alleged negligent poisoning of water intended for human consumption and environmental disaster, for which three former managers and employees of the Montedison Group and others are allegedly responsible, are currently pending before the Court of Cassation. As mentioned in the notes to the previous financial statements, in December 2014, the Chieti Court of Assizes acquitted all defendants. This decision was then appealed directly to the Court of Cassation both by the Public Prosecutor and the counsels for the defendants, for different profiles, and the hearing for oral arguments has been scheduled for March 18, 2016. However, it is important to keep in mind that Edison, further to the decision by all defendant to opt for summary judgment proceedings, was excluded ex lege from this trial in which it was being sued as the civilly liable party. Edison is thus faced with the following alternative scenarios: i) if the decision acquitting the three former Montedison employees were to become final, the decision would have a direct effect on the civil law plaintiffs, excluding any right to receive compensation for damages from Edison, the civil law respondent; ii) on the other hand, if upon a reversal of the recent acquittal decision, the courts were to hand down a final guilty verdict against the three defendants, former employees of the Montedison Group, the decision would have a direct effect only on the defendants. but not with regard to Edison Spa. Any interested party would then have to pursue new proceedings before a civil court to determine the liability of Edison Spa for the actions of its former employees.	As per the description of the disputes.

Date started/ Jurisdiction	Description of dispute	Status of proceedings
Ausimont – Spinetta Marengo – Administrative Proceedings		
February 2012 Piedmont Regional Administrative Court	The case concerns activities that Solvay Specialty Polymers was ordered to carry out, under various titles, to ensure safety and environmental remediation of areas inside the Spinetta Marengo (AL) chemical plant. This plant was operated until 2002 by Ausimont Spa, a Montedison Group company sold to the Solvay Group in May 2002. Edison joined these proceedings exclusively to protect its rights and legitimate interests in connection with the challenges filed against the administrative actions of the relevant Services Conference by Solvay Specialty Polymers, which specifically contested the failure to identify Edison as a respondent or correspondent in the proceedings.	As per the description of the proceedings.
Ausimont – Spinetta Marengo – Criminal Proceedings		
October 2009 Alessandria Court of Assizes	Also with regard to the former Ausimont industrial site of Spinetta Marengo, 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. Edison is being sued by certain parties as the civilly liable party. On December 14, 2015, the Court of Assizes convicted four of the eight defendants of the crime of negligent environmental disaster and ordered them, jointly with Solvay Specialty Polymers, to pay civil damages to the civil plaintiffs who joined the proceedings. The parties are now waiting for the Court to publish the rationale for the decision, which is due within 90 days from the reading of the decision.	As per the description of the dispute.
Ausimont – Solvay Arbitration		
May 2012 ICC – Geneva	These arbitration proceedings were initiated in 2012 by Solvay Sa and Solvay Specialty Polymers Italy Spa against Edison, for alleged violations of certain representations and warrantees in the environmental area concerning the industrial sites of Bussi sul Tirino and Spinetta Marengo included in the deed of sale of Agorà Spa (parent company of Ausimont Spa) executed on the one hand by Montedison Spa and Longside International Sa and on the other hand by Solvay Solexis Spa (now Solvay Specialty Polymers) in December 2001. After completing the phase of reviewing the preliminary and prejudicial issues raised by the parties, the proceedings are currently suspended following the publication of the decision by the Chieti Court of Assizes for the events at the Bussi site and pending the publication of the rationale for the lower court's decision in the criminal proceedings pending for the Spinetta Marengo site.	As per the description of the dispute.

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

Montedison - Former Montedison area called "Old Officine del Gas" in Milan - Bovisa		
June 2013 Court of Milan	The subject of this dispute, which concerns a former Montedison site called "old Officine del Gas," in Milan's Bovisa district, is a claim for damages lodged against Edison by the City of Milan in connection with alleged environmental remediation costs for this (at this site, Montedison Spa carried out a gas production and distribution business from 1966 to 1981). The damage claim is also for the damage allegedly suffered by the City of Milan for the loss of value of assets it owns. The argument hearing is scheduled for February 24, 2016.	As per the description of the dispute.
Montedison – Melegnano industrial facility – Chimica Saronio – Administrative Proceedings		
December 18, 2007 Lombardy Regional Administrative Court - Milan and Council of State	These disputes are part of a broader context of administrative proceedings and litigation between Edison and the municipalities of Melegnano and Cerro al Lambro, concerning the alleged consequence of chemical processes that Industrie Chimiche Saronio Spa ("Saronio") carried out in Cerro al Lambro until the early 1940s and in Melegnano until the early 1960s, The opposing parties claim that, through a series of company transfers, Edison is the responsible party for Saronio and, consequently, should now answer for alleged environmental issues in the Saronio area, allegedly caused by Saronio's activity. The various injunctions for activities to ensure the safety and remediation of the two sites issued by the municipalities were challenged by Edison and this dispute, after a comprehensive preliminary phase, is currently pending before the Council of State after the Lombardy Regional Administrative Court, in 2009, while not holding Edison in any way responsible for the pollution ordered Edison to proceed with activities to ensure the safety of the aquifer (i.e., through the construction of a hydraulic barrier).	Waiting for an oral argument hearing to be scheduled.

Date started/ Jurisdiction	Description of dispute	Status of proceedings
Bussi sul Tirino National Interest Site – "Former Montedison Srl Area" and Bolognano site		
2011 and 2015 Abruzzo Regional Administrative Court, Pescara Section	**"Former Montedison Srl area"**: the site in question is the so-called "Tre Monti" area, currently owned by Edison Spa (formerly Montedison Srl., merged into Edison as of July 1, 2012), which is adjoining the Bussi sul Tirino industrial site currently owned by the Solvay Group and where in the 1970s waste, including industrial waste, was brought. This site, seized under a court order since 2007, is currently managed by a Delegated Commissioner appointed by the Office of the President of the Council of Ministers. Under an agreement with the Commissioner, Edison has already provided economic support for activities to ensure the area's safety between 2010 and 2011. However, in November 2012, subsequent to a request for additional activities requested by the abovementioned Commissioner, Edison appealed to the Abruzzo Regional Administrative Court - Pescara challenging the legitimacy of the Commissioner's actions. **Bolognano site**: with regard to the Bussi sul Tirino National Interest Site, on September 24, 2015, the Pescara Provincial Administration served Edison Spa with a remediation and environmental restoration injunction pursuant to Article 244 of Legislative Decree No. 152/2006 concerning the "former Montecatini" site in Piano d'Orta, located in the municipality of Bolognano (PE), where Montecatini operated a chemical plant in the 1960s. Edison filed a challenge with the Regional Administrative Court of Abruzzo - Pescara contesting the legality of this order.	Waiting for an oral argument hearing to be scheduled in both proceedings.

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

Dispute between Axpo Italia and Edison – Supply Contract for Natural Gas		
December 23, 2013 Court of Milan	The lawsuit filed by Axpo Italia Spa against Edison Spa is aimed at obtaining compensation for damages (over 50 million euros) resulting from an alleged breach by Edison of an existing contract to supply natural gas that the parties executed on October 26, 2012. Specifically, Axpo Italia is demanding compensation for damages resulting from Edison's alleged failure to provide the contractually stipulated gas volumes. Edison joined the proceeding flatly denying any breach and filing a counterclaim against Axpo Italia for breach of contract.	These proceedings are currently pending before the lower court in the discovery phase.

~ ~ ~ ~ ~ ~ ~ ~

Contingent Liabilities Associated with Legal Disputes

Enviromental Legislation

In addition to the probable liabilities for environmental risks, already covered by provisions and previously described, in recent years, we have witnessed an expansion and evolution of environmental laws (most recently with Legislative Decree No. 152 of April 3, 2006 "Environmental Regulations", as amended), specifically with regard to liability for environmental damages, which is especially relevant to the purposes of these notes. 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, taking into account the current and past scope of the industrial operations of the Company and the Group, particularly in the chemical industry, which were carried out in full compliance with the statutes then in force, it cannot be excluded that, in light of current legislation, new allegations of contaminations may arise, in addition to those currently subject to administrative and judicial proceedings.

ACEA – Unfair Competition Complaint in Connection with the Acquisition of Edipower Spa		
August 7, 2006 Court of Rome	This litigation stems from a complaint filed by ACEA Spa against several parties, including AEM Spa (now A2A Spa), EDF Sa, Edipower Spa and Edison Spa, for an alleged act of unfair competition, pursuant to Article 2598, Section 3, of the Italian Civil Code, caused by the violation of the 30% ceiling on the ownership of Edipower Spa by government-owned companies, as set forth in the Prime Minister Decree dated November 8, 2000.This violation allegedly occurred when EDF and AEM acquired joint control of Edison in 2005. ACEA considered such modification of the control structure of Edison and, consequently Edipower, injurious to itself and asked that AEM (now A2A) and EDF be ordered to pay damages. In addition, ACEA asked the Court to take the actions necessary to void the consequences of the acquisition. Regarding this last request by ACEA, it must be noted that effective May 24, 2012, Edison sold the interest it held in Edipower to Delmi Spa. Insofar as Edison is concerned, the lower court proceedings ended with a decision in which Edison was found to have no standing as a defendant.	By a brief filed on September 29, 2014, ACEA appealed the Court of Rome's decision; a hearing for closing arguments has been scheduled for March 21, 2016.

Date started/ Jurisdiction	Description of dispute	Status of proceedings
Montedison – Civil Proceedings Concerning Alleged Damages deriving from the Operation of Industrial Activities at the Malcontenta Site		
August 7, 2006 Court of Venice/ Venice Court of Appeal	This lawsuit, from which comes the dispute arising by 3V CPM Chimica, is related to industrial activities carried out by the Montedison Group at the Porto Marghera petrochemical facility and, specifically, the alleged environmental damages caused in the area of the South Channel Dockyard in the Malcontenta section of the Porto Marghera Industrial Park. By a decision handed down on February 4, 2010, the Court of Venice denied the claim filed against Edison. On April 14, 2015, this decision was upheld by the Venice Court of Appeal.	As per the description of the dispute.
Acquisition of Rizzoli Editore		
September 25, 2009 Court of Milan/ Milan Court of Appeal	This dispute originates from a lawsuit filed by Angelo Rizzoli against Edison (as assign for Iniziativa Meta Spa), RCS MediaGroup, Mittel, Giovanni Arvedi and Intesa Sanpaolo (as assign for Banco Ambrosiano) 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). 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 pay the litigation costs and the compensation damage for vexatious litigation (quantified at about 1.3 million euros). The proceeding is pending before the Milan Court of Appeal.	The closing arguments have been specified; the deadlines to deposit the conclusions is pending.
Montecatini Spa – Montefibre Spa – Verbania – Criminal Proceedings		
2002 - 2015 Court of Verbania/Turin Court of Appeal	All these trials concern the alleged responsibility of former Directors and executives of the Montedison Group for the crimes of involuntary manslaughter and involuntary personal injuries in the violation of the occupational accident prevention regulations, caused in connection with the death or illness of employees of Montefibre Spa at the old plant Montefibre of Pallanza (VB) plant allegedly caused by exposure to asbestos. Edison Spa is exclusively involved in its capacity as the former parent company (until 1989) of Montefibre. A first trial, initiated in 2002, concluded in 2012 with the acquittal of the defendants, confirmed by Court of Cassation. A second trial, initiated in 2007, is pending at the appellate level after the acquittal of first instance of the defendants. For the third proceeding the preliminary hearing concluded in 2015 and the Preliminary Hearing Judge of the Court of Verbania has indicted the defendants.	As per the description of the dispute.
"Vega" Offshore Hydrocarbon Field – "Vega Oil" Floating Storage Unit		
August 2007 Court of Modica/ Court of Ragusa	This criminal trial concerns an employee of Edison Spa and two other persons for the alleged violation of Articles 104 (discharges in the subsoil and the aquifer) and Article 260 (activities organized for unlawful trafficking of waste) of Legislative Decree No. 152/2006 (Uniform Environmental Code) in connection with the Vega Oil floating storage unit. The proceeding started in 2007 and the investigation ended with an initial indictment before the Court of Modica. However, during the hearing for oral arguments, the Court, by a decision handed down on October 22, 2012, upheld 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. Following the closing of the Modica Court at the beginning of 2013, the proceedings were transferred to the Court of Ragusa, where a preliminary hearing has begun and it shortly will be judgment before the lower court.	As per the description of the dispute.
Ausimont's Participation in a Cartel in the Peroxides and Perborates Market – Claim for Damages		
April 2010 Court of Düsseldorf - Court of Justice of the European Union	In April 2010, Edison was served with notices setting forth four amending 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. However, the proceedings are still in the preliminary phase. This is because, in 2013, the judge in the proceedings decided to submit some pretrial questions to the Court of Justice of the European Union, which handed down Decision No. C-352/13 on May 21, 2015.	The merit proceedings are continuing with the exchange of briefs between the parties, waiting for the judge to decide if the lawsuit should proceed pending a decision.

Date started/ Jurisdiction	Description of dispute	Status of proceedings

Disputes disclosed merely for information purposes

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

March 2015 Court of Milan	On March 18, 2015, Carlo Tassara Spa served EDF Sa, A2A Spa and Edison Spa with a summons seeking compensation for alleged damages that it suffered due to the restructuring of the stock ownership of the Edison Group in 2012, carried out with an all-inclusive Tender Offer launched by Transalpina di Energia (100% EDF) for Edison and Edison's concurrent sale to Delmi of 50% of the Edipower shares. This civil lawsuit is specifically directed against A2A and EDF. Edison is summoned in the proceedings only so that, should it deem it appropriate, it may take part in the proceedings to protect its interest. In this capacity, Edison is not the target of any claim filed by Tassara. The company joined these proceedings within the statutory deadline to contest Tassara's claims.	The first hearing was held on December 1, 2015 and the judge scheduled a hearing for January 26, 2016. In that hearing he gave the legal deadlines for conclusions and replies.

~ ~ ~ ~ ~ ~ ~ ~

Probable Liabilities Associated with Tax Disputes

Date started/ Assessing office	Description of dispute	Status of proceeding
Income Tax Assessments for 1995, 1996 and 1997 (Merged Edison Spa)		
Assessments notified in 2001 and 2002 by the Milan Revenues Agency (former Milan Income Tax Office)	This dispute, pending before the Court of Cassation and including several proceedings before the Tax Commission, concerns the corporate income tax (IRPEG) and local income tax (ILOR) assessments for the 1995, 1996 and 1997 tax years of the merged Edison Spa. At the end of December 2015 and at the beginning of January 2016, arguments were heard before the Court in the review of decisions favorable to the Company and the Court is expected to hand down its decisions. Any charges that may be incurred from these disputes are covered by a special provision for risks.	Waiting for the Supreme Court of Cassation to hand down its decision.
Income Tax Assessments for 1991 and 1992 (Old Calcestruzzi Spa)		
Assessments notified in 1997-1998 by the Ravenna Income Tax Office	These disputes concern tax recoveries, following a general audit, regarding reported income for 1991 and 1992 mainly in connection with transactions involving the beneficial ownership of shares carried out by Calcestruzzi Spa (Edison Spa current assign), with regard to which a charge of "misuse of a legal right" was invoked in the proceedings. In 2012, the Company filed a new challenge with the Court of Cassation, asking it to review the decisions handed down by the Regional Tax Commission, to which the proceedings had been returned before the Court of Cassation. A date for a new hearing has not yet been set. In 2012, the tax obligation having become enforceable, the Company paid the taxes, penalties and interest owed pursuant to the decision by the Regional Commission. The payment made was fully funded by a provision for risks established for this purpose, instead the residual provision is attributable to minor tax recoveries, subject of an incidental challenge by the Revenue Administration.	The dispute is pending before the Supreme Court.
IRES and IRAP Assessments – 2005-2009 Tax Years		
Assessments notified in 2011-2014 by the Lombardy Regional Office - Revenue Agency	Further to the findings of the general audit completed in 2011 by the Revenue Police concerning income taxes, regional taxes (IRAP) and VAT for the tax years from 2005 to 2009, the Company received a series of IRES and IRAP notices of assessment for the period 2005-2008, contesting, in particular, the deductibility of costs incurred with black-listed suppliers and some other costs found to be "not attributable" to the year in which they were deducted, but nevertheless deductible in another tax period. Further to the Appeal filed by the Company and pending of the related judgments before the Tax Commissions and the Court of Cassation, the Revenue Agency reconsidered its conclusions regarding the alleged non-deductibility of virtually all of the costs with "black list" suppliers and in 2015 annulled most of the assessments for the tax years from 2005 to 2008 through negotiated settlements. The dispute is continuing for the assessments that were not annulled, concerning mainly issues related to timing allocation. The 2009 tax year was settled through a negotiated settlement in 2015 and the respective charge was fully covered by an existing provision for risks. The VAT assessment for 2006 is currently pending before the Court of Cassation further to a challenge filed by the Company. The amount owed in terms of additional tax, penalties and interest in accordance with the Regional Commission decision was paid in September 2014 while the proceedings are in progress. Any charges that may be incurred from these disputes are covered by a special provision for risks.	The assessments not annulled through negotiated settlements are pending, at various levels of the judicial process, before the merit and relevant courts.

Date started/ Assessing office	Description of dispute	Status of proceeding
Disputed municipal property taxes (ICI and IMU) and assessed property values of hydroelectric and thermoelectric power plants		
Various assessments to revise the assessed property values notified over the years by the Territorial Agency, offices with territorial jurisdiction. Assessments for local property taxes (ICI and IMU) notified over the years by various municipalities where power plants or parts of them are located	The Company, like other companies in its industry, is a party to disputes concerning assessments for municipal property taxes (originally ICI and later IMU) issued by some municipalities where its power plants or parts of them are located. The outcomes of these disputes are not uniform. Over the years, the Company settled amicably or preemptively, pending or potential disputes. The provision for risks, which is updated on a regular basis, takes into account the possible costs that may arise from these disputes or incurred for negotiated settlements with municipalities for local taxes. The Company is also a party to disputes related to the decision by the Revenue Agency (formerly the Territorial Agency) to contest the assessed property values for industrial facilities recorded in the property registers. Also in this case the outcomes of these disputes are not uniform and whenever possible, were achieved agreements to define amicable the new assessed property values. However, it is worth mentioning that the 2016 Stability Law provided, for industrial facilities in the D Category of the property register, a change in the elements that are relevant for the purpose of determining the assessed value. Consequently, in 2016, the Company will update the assessed property values, excluding from the value that is relevant for assessment purposes the portion of the facilities functional to the specific production process (so-called "bolted down").	Assessments pending, at various levels of the judicial process, before the merit and relevant courts.

~ ~ ~ ~ ~ ~ ~ ~

Contingent liabilities associated with tax disputes

IRPEG and IRAP assessments for 2002		
Assessments notified in 2005 by the Revenue Agency of Milan 1	The dispute concerns the IRPEG and IRAP assessments for 2010 by which the reported loss was adjusted and the tax deductibility of the costs incurred for divestment transactions executed during the year was contested. The decisions at the various levels of the merit process were largely favorable and the Revenue Agency, through the Government Solicitor, filed an appeal with the Court of Cassation. The Court of Cassation heard the case in December 2015 and is now expected to hand down a decision. The Company never found it necessary to recognize a provision for risks given the nature of the dispute and the amount of the potential charges.	Pending a decision by the Court of Cassation.
Dispute for registration fees on transactions requalified as disposal of business operations for the Taranto plants		
Payment notice notified in 2012 by the Rho Revenue Agency	In 2012, the Rho Revenue Agency sought to requalify, for registration tax purposes, a transaction involving the conveyance of business operations (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 as a mere sale of a business. Consequently, it demanded, by a payment notice, the payment of the proportional registration tax in the amount of 17 million euros. Actually the judgment is pending before the Court of Cassation because the Company challenged the decision of the Regional Tax Commission (instead the decision in first instance was favorable). As of today the date of discussion hearing for the assessment has not yet been set. The Company believes that any cost arising from this dispute should be viewed as part of the possible contractual risks deriving from the contract signed with ILVA, for which suitable coverage has been recognized in the financial statements.	Waiting for a hearing before the Supreme Court of Cassation.

Date started/ Assessing office	Description of dispute	Status of proceeding
Disputed municipal property taxes (ICI) on offshore hydrocarbon production platforms		
Various assessments for local taxes (ICI and IMU) from various municipalities, from 2005 to the present	In recent years, Edison Spa was served with notices of assessment for property taxes (ICI and later IMU) by which municipal administrations on the Adriatic coast (Termoli, Porto Sant'Elpidio and Torino di Sangro) demanded payment of municipal property taxes they claim are owed 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 notices of assessments for the tax years from 1999 to 2004, partially upheld the challenge filed by the Termoli municipal administration, finding that the tax was owed and disallowing in full the penalties. While the proceeding are still in progress before the Court of Cassation, the Company paid provisionally the taxes due. Subsequently to this partly unfavorable decision, additional decisions by both the Provincial Commission and the Regional Commission were in some cases totally favorable to the Company and in other cases partly unfavorable. In December 2015, the Company was served with ICI notices of assessment for the period from 2009 to 2011 issued by the municipality of Scicli (Sicily) by which, further to the findings of a Audit Report drawn up by the Revenue Police of Ragusa and Siracusa, payment was demanded of the taxes and penalties owed for the offshore Vega platform, located in the Strait of Sicily. Similar assessments, for the attributable amounts were notified to ENI Spa, holder of a 40% interest in the concession where the Vega platform is located. Appeals against these assessments are being finalized. The company intends to pursue this dispute in all appropriate judicial venues with the aim of ensuring that the validity and legitimacy of its actions is recognized, since it believes that the claims of the municipal administration are totally groundless in point of law. While waiting for decision by the Court of Cassation, at this point, these disputes are not believed to entail a probable risk and, consequently, no provision for risks was recognized.	Assessments pending, at various levels of the judicial process, before the merit and relevant courts.

~ ~ ~ ~ ~ ~ ~ ~

Contingent assets

Contingent assets in the tax area, the benefit of which cannot be recognized in the financial statements, pursuant to IAS 37, because it is not virtually certain, are reviewed below:

Edison Spa – Dispute for registration fees on transactions requalified as disposal of business operations regarding CIP 6/92 power plants		
Payment notice notified in 2012 by the Rho Revenue Agency	In 2010, the Rho Revenue Agency sought to requalify, for registration tax purposes, a transaction involving the conveyance of business operations (consisting of the assets and liabilities attributable to the CIP 6/92 thermoelectric power plants) to a newco and the subsequent sale of the equity interest in this company to Cofatech Spa as a mere sale of a business. Consequently, it demanded, by a payment notice, the payment of the proportional registration tax in the amount of 11 million euros, which the Company paid in order to avoid incurring penalties and absent a stay of collection activities. This dispute is currently pending before the Court of Cassation, following an appeal filed by the Company against an unfavorable decision by the Milan Regional Tax Commission (instead the Provincial Commission had ruled totally in the Company's favor). Any amounts paid while the proceedings are in progress can be refunded to the Company upon final disposition of this dispute, which the Company believes could end favorably with the recognition of the economic and legal rationale underlying the decision to use the legal structure of conveyance of business operations.	Waiting for a hearing before the Supreme Court of Cassation.

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:

(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	131,971				
	breakdown	A	114,418	2	-
		D	17,553	2	-
Other reserves	(39,471)				
	breakdown	A	235,283	1, 2	-
		F	236,673	1, 2	-
		G	(511,427)	-	-
Retained earnings	**10,423**	**A**	**10,423**	**1, 2, 3**	**10,423**

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.

F: Shareholders' equity restricted pursuant to Section 147 of Law No. 147/2013 (so-called realignment), which, if utilized, would be included in the Company's taxable income, increased by a 16% substitute tax, with the concurrent earning of a 16% tax credit (equal to the substitute tax paid).

G: Cash Flow Hedge reserve.

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 12.01.1975 (old Edison form. Montedison)	31,064
No. 72 of 03.19.1983 (old Edison form. Montedison)	15,283
No. 576 of 12.01.1975 (former Finagro)	1,331
No. 72 of 03.19.1983 (former Finagro)	3,310
No. 72 of 03.19.1983 (former Montedison)	8,561
No. 72 of 03.19.1983 (former Silos di Genova S.p.A)	186
No. 413 of 12.30.1991 (former Finagro)	4,762
No. 576 of 12.01.1975 (former Calcemento)	976
No. 72 of 03.19.1983 (former Calcemento)	4,722
No. 413 of 12.30.1991 (former Sondel)	2,976
No. 413 of 12.30.1991 (old Edison)	118,911

Any taxes that may be due on the reserves listed above would amount to 53 million euros for those of Item C, 107 million euros (net of tax credit) for those of Item D and 32 million euros (net of tax credit) for those of Item F.

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 76 million euros. Deferred taxes totaling about 18 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 58 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

This chapter provides a description of the policies and principles adopted by Edison Spa to manage and control the commodity price risk, tied to the volatility of the prices of energy commodities and environmental securities (CO_2 emissions credits, green certificates, white certificates) and other risks inherent in financial instruments (foreign exchange risk, interest rate risk, credit risk, liquidity risk).
As required by IFRS 7, the paragraphs that follow provide information about the nature of risks resulting from financial instruments, based on an analysis of an accounting or managerial nature.

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, storage 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 Edison Spa is also exposed to the foreign exchange rate risk.
For the derivatives that provide hedging for the Industrial Portfolio, which qualify part as cash flow hedges pursuant to IAS 39 and part as economic hedges, a simulation is performed to measure the potential impact that fluctuations in market prices of the underlying item could have on the fair value of the outstanding derivatives, in accordance with IFRS 7. The simulation is performed over the time horizon corresponding to the remaining life of the existing contracts, the maximum maturity of which is 2017. For derivatives maturing in 2016, the method applied calls for the simulation of ten thousand scenarios for each relevant price driver, taking into account volatility and spot market correlations. For derivatives maturing after 2016, the method applied calls for using the volatilities and correlations of the forward markets. The forward market curves on the date of the financial statements are used for reference level purposes, when available.
Once a probability distribution of changes in fair value is thus obtained, it is possible to extrapolate the maximum expected negative variance in the fair value of the outstanding derivatives, over the time horizon corresponding to the reporting year, for a given level of probability, conventionally set at 97.5%.
Based on the method explained above, the maximum expected negative variance in the fair value of the outstanding hedging derivatives by the end of 2016 with a 97.5% probability, compared with the fair value determined at December 31, 2015, is 626.1 million euros (406.2 million euros at December 31, 2014), as shown in the table below:

Profit at Risk (PaR)

(millions of euros)	12.31.2015		12.31.2014	
	Level of probability	Expected negative variance in fair value	Level of probability	Expected negative variance in fair value
Total	**97.5%**	**626.1**	**97.5%**	**406.2**

In other words, compared with the fair value determined for hedging derivatives outstanding at December 31, 2015, the probability of a negative variance greater than 626.1 million euros by the end of 2016 is limited to 2.5% of the scenarios.
The higher amount, compared with December 31, 2014, is essentially the result of a greater net volume of financial contracts and the increased price volatility in the oil market
The hedging strategy deployed in 2015 enabled the Company to comply with Group risk management objectives, lowering the Industrial Portfolio's commodity price risk profile within the approved Economic Capital limit.

The commodity price risk profile for the Industrial Portfolio within the approved Economic Capital limit is shown below:

Industrial Portfolio - Economic capital absorption

	2015		2014	
	no derivative	with derivatives	no derivative	with derivatives
Average absorption of the approved economic capital limit	75%	55%	105%	53%
Maximum absorption	175% - Dec. 2015	100% - Dec. 2015	165% - Oct. 2014	94% - Mar. 2014

These data reflect the impact of sharp drop in oil prices, which produced a significant reduction in the foreign exchange exposure, already hedged, deriving from long-term contracts.

2. Foreign Exchange Risk

The activities carried out by Edison Spa in currencies different from the euro and its strategies of expansion in the international markets demand the management of the foreign exchange risk as a strategic factor, thereby making this risk a fundamental factor in the selection of economic management choices. The guidelines for the governance and mitigation strategies for the foreign exchange risk generated by business activities are outlined in specific policies, which describe the objectives of foreign exchange risk management, depending on the different nature of the risk:

- *economic* foreign exchange risk, related to changes in the value of contracts denominated in foreign currencies or with price components indexed to a currency other than the euro;
- *transactional* foreign exchange risk, related to potential changes in the value of future collections/payments stated in a foreign currency between the time when the payable/receivable originates and the time when the cash flows actually occur.

The exposure to the economic foreign exchange risk related to commodity activities is managed in accordance with specific limits and strategies, as defined in the Energy Risk Policies (see the preceding section in this regard).

3. Interest Rate Risk

Edison Spa, exposed to fluctuations in interest rates with regard to the measurement of debt service costs, assesses on a regular basis its exposure to the risk of fluctuations in interest rates, which it manages mainly by negotiating financing facilities, except for hedging financial instruments associated with bond issues, which qualify part as cash flow hedges or fair value hedges pursuant to IAS 39 and part as economic hedges.
On March 17, 2015, the hedging provided for a 500-million-euro bond issue was ended, concurrently with the repayment of the bonds at their scheduled maturity.

The instruments still outstanding are the interest rate swaps, negotiated with the six-month Euribor as a parameter, which qualify as fair value hedges and hedge a fixed-rate bond issue of 600 million dollars maturing on November 10, 2017.

Gross financial debt - Mix fixed and variable rate:

(millions of euros)	12.31.2015			12.31.2014		
	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
Fixed rate portion (including structure with CAP)	1,000	400	19%	1,900	1,300	50%
Variable rate portion	1,142	1,742	81%	711	1,311	50%
Total gross financial debt	**2,142**	**2,142**	**100%**	**2,611**	**2,611**	**100%**

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 2015 and provides a comparison with the corresponding data in 2014:

Sensitivity analysis

(millions of euros)	2015			12.31.2015		
	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	**42**	**36**	**30**	-	-	-

(millions of euros)	2014			12.31.2014		
	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	**63**	**59**	**55**	-	-	-

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.

Edison Spa is a party to transactions involving the assignment without recourse of trade receivables on a monthly revolving basis and through the transfer without recourse of the credit risk. In 2015, Edison executed transactions of this type for a total of 1,068 million euros (1,388 million euros at the end of 2014). At December 31, 2015, the amount of receivables that were still exposed to the risk of recourse was less than 1 million euros.

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, 2015, there were no significant exposures to risks related to a possible further deterioration of the overall financial environment or significant concentrations with individual non-institutional counterparties.

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:

(millions of euros)	12.31.2015	12.31.2014
Gross trade receivables	957	762
Allowance for doubtful accounts (-)	(42)	(36)
Trade receivables	**915**	**726**
Guarantees held (*)	172	234
Receivables in arrears:		
- up to 6 months	4	17
- from 6 to 12 months	-	15
- past 12 months	38	34

(*) Including guarantees covering receivables outstanding at December 31, 2015 totaling 30 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; the future cash flows provided for the corresponding liabilities include, in addition to principal and accrued interest, all future interest payments estimated for the entire length of the underlying debt obligation and the effect of interest rate derivatives. Consequently, the aggregate liability thus computed is larger than the gross financial debt amount used to determine the net financial debt of Edison Spa. 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

(millions of euros)	12.31.2015			12.31.2014		
	1 to 3 months	over 3 months and up to 1 year	more than 1 year	1 to 3 months	over 3 months and up to 1 year	more than 1 year
Bonds	-	23	623	516	23	647
Financial debt and other financial liabilities	152	12	664	25	25	1,054
Trade payables	779	29	-	1,116	30	-
Total	**931**	**64**	**1,287**	**1,657**	**78**	**1,701**
Guarantees provided to third parties (*)	**682**	**188**	**259**	**755**	**309**	**335**

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

As for the financial debt maturing within one year (187 million euros), it is worth mentioning that it derives mainly from the use of flexible funding mechanisms, readily reusable at Edison's discretion, such as the overdraft facility on the treasury current account with EDF Sa and, for 58 million euros, the liquidity that the parent company Transalpina di Energia Spa, as part of the optimization of financial resources, made available to Edison Spa in the form of a short-term deposit for 95 million euros. The remainder is for the payment of interest and amortization installments of existing loans.

The following two revolving credit lines guarantee coverage of funding needs for the coming months, providing the necessary flexibility:

- the line provided by EDF Sa, expiring in April 2017, for a total of 600 million euros, which was fully available at December 31, 2015;
- alternatively, a 500-million-euro revolving credit line expiring in November 2016, provided by a group of banks on a Club Deal basis, currently available for its full amount.

Please note that at the end of December 2015 Edison Spa had reduced its long-term debt by repaying in advance 400 million euros of the loan owed to EDF Investissements Groupe Sa. This transaction was made possible by the early collection of a portion of the gain resulting from the award in the ENI arbitration.

The main components of the financial debt maturing after one year (1,287 million euros) thus include the facility provided by EDF Investissements Groupe Sa, expiring on April 9, 2020, for just 400 million euros, down from the original 800 million euros; a bond issues with a face value of 600 million euros, maturing on November 10, 2017 and the amounts drawn (135 million euros at December 31, 2015) from the medium/long-term direct line provided by the European Investment Bank (EIB) to finance gas storage projects. Additional resources include a drawdown of 70 million euros from a new line totaling 200 million euros, provided on December 9, 2015 by EDF Sa. This is a credit line provided by the EIB to EDF Sa, which reallocated it, through an intercompany loan, to Edison to finance certain investment projects. Consequently, it is a special purpose line, with a maximum duration of ten years and is available to Edison substantially on the same favorable terms as those offered by the EIB to companies with EDF's credit rating.

The table below shows the breakdown of the gross financial debt by expiry at balance sheet date. These amounts are not the exact representation of the exposure to liquidity risk as they do not represent expected nominal cash flows but evaluation at amortised cost or at fair value.

(thousands of euros)	12.31.2016	12.31.2017	12.31.2018	12.31.2019	12.31.2020	Over 5 years	Total
Bonds	28,502	599,295	-	-	-	-	627,797
Debt and other financial liabilities due to third parties	35,123	18,489	22,837	17,368	11,913	88,869	194,599
Gross financial debt due to third parties	**63,625**	**617,784**	**22,837**	**17,368**	**11,913**	**88,869**	**822,396**
Intragroup gross financial debt	699,271	-	-	-	-	-	699,271
Financial debt due to TDE	95,008	-	-	-	-	-	95,008
Financial debt due to EDF	58,493	(822)	(826)	9,149	409,753	50,000	525,747
Total gross financial debt	**916,397**	**616,962**	**22,011**	**26,517**	**421,666**	**138,869**	**2,142,422**

6. Default Risk and Debt Covenants

This type of risk arises from the possibility that loan agreements or bond indentures executed by Edison Spa may contain provisions that, if certain events were to occur, would empower the lenders, be they banks or bondholders, to demand that the borrower repay immediately the loaned amounts, which, consequently, would create a liquidity risk (see the "Liquidity Risk" section above).
The following bond issue floated by Edison Spa (Euro Medium Term Notes) with a total face value of 600 million euros was outstanding at December 31, 2015:

Description	Issuer	Market where traded	ISIN Code	Term (years)	Maturity	Face value (millions of euros)	Coupon	Currenti rate
EMTN 2010	Edison Spa	Luxembourg Stock Exch.	XS0557897203	7	11.10.2017	600	Fixed, annual	3.875%

Outstanding debt obligations of the Group include non-syndicated facilities totaling 1,244 million euros, the unused portion of which was 600 million euros at December 31, 2015, and syndicated facilities amounting to 500 million euros on base Club Deal fully unused at December 31, 2015.
Consistent with international practice for similar transactions, both the bank loan agreements and the Euro Medium Term Note Program provide the lender 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 loan agreements to which Edison is a party, it is important to note that the agreements for a syndicated credit line provided to Edison on a Club Deal basis (500 million euros) and the loans with EDF Investissements Groupe Sa (400 million euros at December 31, 2014) and EDF Sa (600 million euros and 200 million euros) set forth Edison's obligation to comply with certain commitments, which include making sure that the lenders 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 agreement nor the bond indentures contain clauses that could determine, ipso facto, the 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 the direct medium/long-term credit line provided by the European Investment Bank (EIB)

(135 million euros fully utilized) earmarked to finance natural gas storage projects is subject, in addition to clauses that are standard for direct long-term facilities to usage restrictions that the EIB imposes for special purpose facilities provided to industrial companies. Similar clauses, albeit less strict, apply to the new credit line of 200 million euros provided by EDF Sa, with EIB funds, to finance some Italian investment projects in the hydrocarbon sector.
At present, Edison Spa is not aware of the existence of any default situation or failure to satisfy the covenants.

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; this category includes the instruments with which the Company operates directly in active markets (e.g., futures).
- **Level 2:** Determination of fair value based on inputs other than the quoted prices of Level 1 but which are directly or indirectly observable. (e.g., forward contracts or swaps in futures markets).
- **Level 3:** Determination of fair value based on valuation models with inputs not based on observable market data (unobservable inputs). At this point, as was the case at December 31, 2013, there is one category of instruments classified at this level.

The valuation of financial instruments can entail significant subjective judgment. However, Edison uses prices quoted in active markets, when available, as the best estimate of the fair value of all derivatives.

Instruments Outstanding at December 31, 2015

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

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

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

A) Interest Rate and Foreign Exchange Rate Risk Management

(thousands of euros)		12.31.2015	
	Fair Value Hierarchy (****)	Notional amount (*)	
		due within 1 year	due between 2 and 5 years
Interest rate risk management:			
Hedging the risk of fluctuations in the fair value of the hedged item pursuant to IAS 39 (Fair Value Hedge)	2	-	600,000
Contracts that do not qualify as hedges in accordance with IAS 39	2	-	-
Total interest rate derivatives		**-**	**600,000**

		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	1,893,305	(15,964)	855,467	-
- on financial transactions	2	-	-	-	-
Contracts that do not qualify as hedges in accordance with IAS 39:					
- on commercial transactions	2	918,709	(400,270)	197,795	-
- on financial transactions	2	73,045	(39)	-	-
Total foreign exchange rate derivatives		**2,885,059**	**(416,273)**	**1,053,262**	**-**

(*) Represents the sum of the notional amounts of the basic contracts deriving from the unbundling of complex contracts.
(**) Represents the net (+) receivable or (-) payable recognized further to the fair value valuation of derivatives.
(***) Represents the adjustment to fair value of derivatives recognized progressively in the income statement from the time the contract is executed until now.
(****) For definitions, see the preceding section "Fair Value Hierarchy According to IFRS 13."

	12.31.2015			12.31.2014	
		Carrying amount (**)	Cumulative impact on the income statement (***)	Carrying amount (**)	Cumulative impact on the income statement (***)
due after 5 years	Total				
-	600,000	28,374	28,374	44,917	44,917
-	-	(51)	(51)	(1,796)	(1,796)
-	**600,000**	**28,323**	**28,323**	**43,121**	**43,121**

due after 5 years		Total				Total	
Receivable	Payable	Receivable	Payable			Receivable	Payable
-	-	2,748,772	(15,964)	134,698	6,252	223,212	17,985
-	-	-	-	-	-	-	-
-	-	1,116,504	(400,270)	122,630	122,630	97,889	97,889
-	-	73,045	(39)	274	274	5,132	5,132
-	**-**	**3,938,321**	**(416,273)**	**257,602**	**129,156**	**326,233**	**121,006**

B) Commodity Risk Management

	12.31.2015								12.31.2014	
	Fair Value Hierarchy (****)	Notional amount (*)					Carrying amount (**) (thousands of euros)	Cumulative impact on the income statement (thousands of euros) (***)	Carrying amount (**) (thousands of euros)	Cumulative impact on the income statement (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 for:							**1,558,395**	**(14,183)**	**(662,859)**	**11,073**
Natural gas	2	Millions of Therm	(1,264)	(504)	-	(1,768)	332,859	28,142	51,916	7,418
LNG, oil	2	Barrels	38,322,890	18,330,330	-	56,653,220	1,219,187	(42,994)	(725,079)	2,162
CO_2	1	Millions of tons	4	-	-	4	6,349	669	10,304	1,493
B. Fair Value Hedges pursuant to IAS 39							**-**	**-**	**-**	**-**
C. Contracts that do not qualify as margin hedges pursuant to IAS 39:							**682,198**	**682,198**	**85,132**	**85,132**
Electric power	2	TWh	12	-	-	12	140,343	140,343	182,402	182,402
Natural gas	2	Millions of Therm	(442)	(659)	-	(1,101)	292,146	292,146	188,003	188,003
LNG, oil	2	Barrels	5,011,990	2,393,640	-	7,405,630	248,089	248,089	(288,433)	(288,433)
CO_2	1	Millions of tons	1	-	-	1	1,620	1,620	3,160	3,160
Total							**2,240,593**	**668,015**	**(577,727)**	**96,205**

(*) + 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 preceding section "Fair Value Hierarchy According to IFRS 13."

C) Trading Portfolio

	12.31.2015								12.31.2014	
	Fair Value Hierarchy (****)	Notional amount (*)					Carrying amount (**) (thousands of euros)	Cumulative impact on the income statement (thousands of euros) (***)	Carrying amount (**) (thousands of euros)	Cumulative impact on the income statement (thousands of euros) (***)
		Unit of measure	due within 1 year	due within 2 years	due after 2 years	Total				
Physical contracts							**-**	**-**	**2,105**	**2,105**
Natural gas	2	Millions of Therm	-	-	-	-	-	-	2,105	2,105
Financial contracts							**-**	**-**	**-**	**-**
Natural gas	2	Millions of Therm	-	-	-	-	-	-	-	-
Total							**-**	**-**	**2,105**	**2,105**

(*) + 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".

The table is presented only for comparative purposes. Please note that Edison operates exclusively as agent for its Edison Trading subsidiary with regard to the physical contracts in the trading portfolio; consequently, the net value for those contracts is zero. This agent activity is remunerated by a fee linked to trading volumes.

Effects of Derivative and Trading Transactions on the Income Statement and Balance Sheet in 2015

The disclosure provided below shows an analysis of the financial results generated by derivative and trading transactions in 2015, including the effects of physical energy commodity contracts.

(thousands of euros)	Realized (A)	Fair value recognized for contracts outstanding at 12.31.2014 (B)	Fair value recognized for contracts outstanding at 12.31.2015 (C)	Change in fair value in 2015 (D)=(C-B)	Amounts recognized in earnings at 12.31.2015 (A+D)	Amounts recognized in earnings at 12.31.2014
Result from price and foreign exchange risk hedges for commodities, including:						
Total definable as hedges pursuant to IAS 39 (CFH) (*)	***(173,640)***	***29,051***	***(7,920)***	***(36,971)***	***(210,611)***	***141,528***
Price risk hedges for energy products	(522,212)	11,073	(14,182)	(25,255)	(547,467)	117,765
Exchange risk hedges for commodities	348,572	17,978	6,262	(11,716)	336,856	23,763
Total not definable as hedges pursuant to IAS 39	***179,612***	***183,020***	***308,650***	***125,630***	***305,242***	***254,384***
Price risk hedges for energy products	34,496	85,132	186,020	100,888	135,384	116,721
Exchange risk hedges for commodities	145,116	97,888	122,630	24,742	169,858	137,663
Total for price and foreign exchange risk hedges for commodities (A)	**5,972**	**212,071**	**300,730**	**88,659**	**94,631**	**650,296**
Margin on trading activities:						
Margin on physical trading activities (**)	2,107	2,105	-	(2,105)	2	(543)
Margin on financial trading activities	-	-	-	-	-	282
Total margin on trading activities (B)	**2,107**	**2,105**	**-**	**(2,105)**	**2**	**(261)**
TOTAL RECOGNIZED IN EBIT (A+B)	**709,903**	**386,123**	**623,562**	**237,439**	**94,633**	**921,387**
Result from interest rate hedges:						
Definable as hedges pursuant to IAS 39 (FVH)	19,838	44,917	28,374	(16,543)	3,295	17,820
Not definable as hedges pursuant to IAS 39	(1,729)	(1,796)	(51)	1,746	17	(1,769)
Margin on interest rate hedges (C)	**18,109**	**43,121**	**28,323**	**(14,797)**	**3,312**	**16,051**
Result from interest rate hedges:						
Definable as hedges pursuant to IAS 39 (FVH)	91,819	7	6,651	6,644	98,463	12,604
Not definable as hedges pursuant to IAS 39	28,424	5,132	274	(4,858)	23,566	15,138
Margin on foreign exchange hedges (D)	**120,243**	**5,139**	**6,925**	**1,786**	**122,029**	**27,742**
TOTAL RECOGNIZED AS FINANCIAL INCOME (EXPENSE) (C+D) (see Note 9 to the income statement)	**138,352**	**48,260**	**35,248**	**(13,011)**	**125,341**	**43,793**

(*) Realized: see Notes 1 and 3 to the income statement for natural gas. Change in fair value: see Note 6 to the income statement.
(**) Includes the ineffective portion.

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, 2015 and their classification in accordance with the fair value hierarchy according to IFRS 13:

(thousands of euros)	12.31.2015		12.31.2014	
	Receivables	Payables	Receivables	Payables
Transactions on:				
- interest rates	28,374	(51)	44,917	(1,796)
- foreign exchange	274,050	(9,787)	342,049	(15,816)
- commodities	954,870	(1,648,829)	630,068	(1,207,795)
- trading transactions	475	(475)	34,777	(32,672)
Fair value recognized as a current asset or a current liability (A)	**1,257,769**	**(1,659,142)**	**1,051,811**	**(1,258,079)**
Of which (A) recognized into:				
- “Other receivables and payables”	1,004,027	(1,345,214)	794,885	(932,319)
- “Other assets" and "Other liabilities”	225,368	(313,877)	-	-
- “Current financial assets” and “Short-term financial debt”	28,374	(51)	44,917	(1,796)
Of which fair value hierarchy:				
- Level 1	8,090	(121)	13,479	(15)
- Level 2	1,249,678	(1,659,020)	1,038,332	(1,258,064)
- Level 3 (*)	-	-	-	-
IFRS 7 potential offsetting (B)	**(506,675)**	**506,675**	**(414,061)**	**414,061**
Potential fair value (A+B)	**751,094**	**(1,152,467)**	**637,750**	**(844,018)**

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

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 737,361,000 euros (negative by 468,705,000 euros at December 31, 2014), before the applicable deferred taxes.

In addition to the previously shown, with particular reference to the Fair Value hierarchy as required by IFRS 13, please note that:

- the **available-for-sale investments** include for 3 million euros (4 million euros at December 31, 2014) listed securities classified at level 1 and for 159 million euros (165 million euros at December 31, 2014) unlisted securities classified at level 3;
- the **current financial assets** include for 2 million euros (unchanged compared with December 31, 2014) trading investments classified at level 3.

Edison has chosen not to adopt the value option and, consequently, neither financial debt nor bonds were restated at fair value.

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

Consistent with the applicable policies adopted by the Company, transactions with related parties affecting the income statement and balance sheet that were outstanding at December 31, 2015 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 Parties pursuant to IAS 24					
(thousands of euros)	With Edison Group companies	With controlling companies	With other EDF group companies	Total for related parties	Total for financial statement line item	% impact
Balance Sheet transactions:						
Investments in associates	933,338	-	536	**933,874**	**933,874**	100.0%
Trade receivables	643,724	126	5,150	**649,001**	**1,558,213**	41.7%
Other receivables	46,141	2,398	8,831	**57,369**	**1,290,365**	4.4%
Current financial assets	1,655,153	-	-	**1,655,153**	**1,686,001**	98.2%
Financial debt and other fin. liabilities	-	69,980	397,273	**467,253**	**626,729**	74.6%
Current financial debt	699,265	151,884	1,618	**852,767**	**887,896**	96.0%
Trade payables	35,235	1,698	11,374	**48,307**	**821,846**	5.9%
Other payables	9,188	153,103	5,163	**167,454**	**1,711,300**	9.8%
Income Statement transactions:						
Sales revenues	2,766,385	2,703	109,879	**2,878,967**	**5,517,306**	52.2%
Other revenues and income	20,127	709	393	**21,229**	**757,608**	2.8%
Raw materials and services used	145,772	15,942	106,168	**267,882**	**5,474,168**	4.9%
Financial income	47,902	-	-	**47,902**	**92,406**	51.8%
Financial expense	2,877	2,860	39,651	**45,388**	**117,141**	38.7%
Foreign exchange gains and losses	-	109,966	-	**109,966**	**30,956**	n.s.
Income from equity investments	216,257	-	164	**216,421**	**219,958**	98.4%
Expense on equity investments	404,645	-	-	**404,645**	**406,414**	99.6%

A) Intercompany Transactions and with the Parent Company

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 Company (so-called VAT Pool);
- transactions required to file the consolidated IRES return with its controlling company Transalpina di Energia Spa;
- transactions with EDF Sa involving the provision of services (mainly financial and insurance).

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. 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.

Please note that the interest rate applied to most of the financial transactions between Edison Spa and its subsidiaries and affiliated companies is the three-month Euribor (basis 360) plus a spread of 2% and 0.5% depending on positive or negative balance.

Consolidated VAT Return

Edison Spa files a consolidated VAT return (so-called VAT Pool) that includes those companies of the Edison Group that meet the requirements of Article 73, Section 3, of Presidential Decree No. 633/72. The VAT settlement for December 2015 shows a net balance receivable from the revenue administration of 84,648,000 euros that does not include asking reimbursement of VAT receivables for 41,452,000 euros during 2015.

B) Transactions with Controlling Companies

Consolidated Corporate Income Tax (IRES) Return

Starting in 2013 and for the three-year period from 2013 to 2015, Edison Spa and its main subsidiaries opted to join the consolidated IRES return filed by WGRM (Now Transalpina di Energia Spa) executing special agreements governing transactions between the companies included in the scope of IRES consolidation. Consequently, 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 the Constitutional Court decision ruling, as of February 2015, that the IRES surcharge (Robin Hood Tax) owed by companies that operate in the energy sector was unconstitutional had no effect on the consolidated tax return, as the surcharge, now no longer owed, had to be paid separately by each company, including those who filed the consolidated IRES return.

Short-term deposit

In order to optimize the available financial resources, Transalpina di Energia made available to Edison Spa funds in the form of a short-term deposit, which at December 31, 2015 amounted to 95,008,000 euros.

Centralized Cash Management System by EDF Sa

Please note that in 2012 a centralized treasury management agreement between EDF Sa and Edison Spa had been signed under which EDF manages the cash surpluses and requirements in order to optimize the short-term financial flows. At December 31, 2015, the account that Edison Spa maintained with EDF Sa had a debit balance of 56,778,000 euros.

Loan by EDF Sa

The credit line provided by EDF to Edison Spa (600 million euros face value) was renewed for two years upon its expiration on April 9, 2015. The loan was provided on terms in line with those granted in the market to companies with Edison's credit rating. At December 31, 2015, this credit line was available for its full amount. Moreover in December 2015 EDF Sa provided to Edison Spa a new medium-long term credit facility for a maximum amount of 200 million euros, referred to investments projects and correlated to a credit facility provided by BEI to EDF Sa; this is drawn down for 70 million euros at December 31, 2015.

Other transactions with EDF Sa

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 15,942,000 euros. Please note that within the framework of certain financial transactions Edison executed transaction to hedge foreign exchange risks that, due to the trend in the exchange rates generated net realized gains for 174,895,000 euros.

C) Transactions with Controlling Companies

The main transactions with EDF group companies are reviewed below:

1) Commercial transactions

Transactions executed in 2015 included in particular revenues from the sale of electric power and natural gas for 106,415,000 euros and costs for 106,019,000 euros generated with EDF Trading Limited under contract to buy and sell commodities. These values refer to:

- transactions part of physical trading activities for a net negative margin of 14,927,000 euros included in "Sales revenues";
- realized commodity derivative transactions that generated gains for 70,493,000 euros and charges for 74,647,000 euros, included in "Realized commodity derivatives," "Sales revenues" and "Raw materials and services used."

As for the amounts of the balance sheet positions resulting from the transactions reviewed above, please see the data in the preceding table.

2) Financial transactions

Outstanding loan with EDF Investissements Groupe Sa

In December 2015 the long-term financing facility provided to the company (800 million euros face value maturing on April 9, 2020) was partially reimbursed in advance for an amount of 400 million euros with an one-off cost of 17,077,077 euros. The loan was provided on terms in line with those granted in the financial market to companies with Edison's credit rating.
The financial expense accrued during the year amounted to 22,574,000 euros.

OTHER INFORMATION

Significant Non-recurring Events and Transactions

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

- the ENI arbitration for a revision of the price of the long-term procurement contract for gas from Libya was successfully completed in November 2015 with a positive effect on EBITDA of about 855 million euros and of about 500 million USD on net financial debt as a result of the early collection.

Transactions Resulting from Atypical and/or Unusual Activities

Edison Spa declares that it did not execute atypical and/or unusual transactions in 2015, as defined in the Consob Communication No. DEM/6064293 of July 28, 2006.

Treasury Shares

At December 31, 2015, the Company 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, 2015

The Board of Directors approved on February 15, 2016 the proposal of contribution in Edison Spa, from its controlling shareholder Transalpina di Energia Spa, of the 100% of its interest in Fenice Spa, EDF's group company, specialized in energy and environmental services.
With this transaction, Edison aims to become a key player in the Italian market for energy services in line with its strategic objectives, strengthening and diversifying its offerings.
This transaction, whose effectiveness is expected for April 1, 2016, will be carried out with an in-kind capital increase reserved for Transalpina di Energia, which will be deliberated by Edison Shareholders' Meeting. The Board of Directors, in determining the terms of Fenice's contribution, adopted all appropriate procedures and safeguards to protect the integrity of Edison's share capital and the interests of minority shareholders.

Milan, February 15, 2016

The Board of Directors
by: Marc Benayoun
Chief Executive Officer

LIST OF EQUITY INVESTMENTS

A1. Investments in subsidiaries

(euros)			Share capital		Shares or par value interests held		Initial value		
Company	Head office	Currency	Amount	Par value per share	%	Number or par value	Cost (1)	Revaluations (Writedowns)	Net carrying amount (1)
AMG Gas Srl	Palermo (*)	EUR	100,000	-	80,000	80,000	25,100,000	(800,000)	24,300,000
Atema Ltd	Dublin (Ireland)	EUR	1,500,000	0.50	100,000	3,000,000	1,381,681	-	1,381,681
Dolomiti Edison Energy Srl	Trento	EUR	5,000,000	-	49,000	2,450,000	8,187,900	-	8,187,900
Edison Energia Spa (Sole shareholder)	Milan (*)	EUR	23,000,000	1.00	100,000	23,000,000	141,944,253	(102,641,253)	39,303,000
Edison Engineering Sa	Athens (Greece)	EUR	260,001	3.00	100,000	86,667	260,001	(94,001)	166,000
Edison Hellas Sa	Athens (Greece)	EUR	263,700	2.93	100,000	90,000	187,458	(8,000)	179,458
Edison Idrocarburi Sicilia Srl (Sole shareholder)	Ragusa (*)	EUR	1,000,000	-	100,000	1,000,000	11,643,346	(18,000)	11,625,346
Edison International Spa	Milan (*)	EUR	75,000,000	1.00	100,000	75,000,000	773,221,794	(251,000,000)	522,221,794
Edison International Holding NV	Amsterdam (The Netherlands)	EUR	123,500,000	1.00	100,000	123,500,000	310,087,200	(82,119,001)	227,968,199
Edison Stoccaggio Spa (Sole shareholder)	Milan (*)	EUR	90,000,000	1.00	100,000	90,000,000	134,280,847	-	134,280,847
Edison Trading Spa (Sole shareholder)	Milan (*)	EUR	30,000,000	1.00	100,000	30,000,000	30,000,000	-	30,000,000
Edison Partecipazioni Energie Rinnovabili Srl	Milan (*)	EUR	20,000,000	-	83,300	16,660,000	190,988,666	-	190,988,666
Euroil Exploration Ltd	London (UK)	GBP	9,250,000	1.00	0,000	1	950	-	950
Gever Spa	Milan	EUR	10,500,000	1,000.00	51,000	5,355	24,055,699	(14,835,919)	9,219,780
Shen Spa	Milan (*)	EUR	120,000	1.00	100,000	120,000	-	-	-
Jesi Energia Spa	Milan (*)	EUR	5,350,000	1.00	70,000	3,745,000	15,537,145	(7,891,745)	7,645,400
Infrastrutture Distribuzione Gas Spa ex Edison D.G. S.p.A.	Selvazzano Dentro (PD) (*)	EUR	460,000	1.00	100,000	460,000	38,512,802	-	38,512,802
Infrastrutture Trasporto Gas Spa (Sole shareholder)	Milan	EUR	10,000,000	1.00	100,000	10,000,000	32,336,454	(32,330)	32,304,124
Nuova Alba Srl (Sole shareholder)	Milan (*)	EUR	2,016,457	-	100,000	2,016,457	30,469,151	(28,855,218)	1,613,933
Nuova Cisa Spa in liquidation (Sole shareholder)	Milan (*)	EUR	1,549,350	1.00	100,000	1,549,350	3,500,109	(1,086,596)	2,413,513
Presenzano Energia Srl in liquidation	Milan (*)	EUR	120,000	-	90,000	108,000	268,326	(195,998)	72,328
Sistemi di Energia Spa	Milan (*)	EUR	10,083,205	1.00	86,122	8,683,878	4,249,906	4,150,094	8,400,000
Società Generale per Progettazioni Cons. e Part. Spa (extraordinary administration)	Rome	LIT	300,000,000	10,000.00	59,333	17,800	1	-	1
Società Idroelettrica Calabrese Srl (Sole shareholder)	Milan (*)	EUR	10,000	-	100,000	10,000	180,000	(100,000)	80,000
Termica Cologno Srl	Milan (*)	EUR	9,296,220	-	65,000	6,042,543	6,069,782	-	6,069,782
Termica Milazzo Srl	Milan (*)	EUR	23,241,000	-	60,000	13,944,600	69,957,191	(39,300,000)	30,657,191
Total A1. Investments in subsidiaries							**1,852,420,662**	**(524,827,967)**	**1,327,592,695**

(1) Amounts in euros
(*) Company subject to management and coordination by Edison Spa.

The currency codes used are consistent with the ISO 4217 International Standard.
BRL Brazilian Real
CHF Swiss Franc
EGP Egyptian Pound
EUR Euro
GBP British Pound
NLG Dutch Guilder
PTE Portuguese Escudo
TRL Turkish Lira
USD US Dollar
LIT Italian Lira

Changes during the year						Ending value at 12.31.2015						
Additions	Disposals	Advance on (Distribution of) capital and reserves	Coverage of loss	Revaluations (Writedowns)	Other changes	Cost (1)	Revaluations (Writedowns)	Net carrying amount (1)	S.E last financial statements	Pro-rata interest in S. E.	Net result last fin. statements	Pro-rata interest in net result
-	-	-	-	-	-	25,100,000	(800,000)	24,300,000	5,609,535	4,487,628	2,579,350	2,063,480
-	-	-	-	-	-	1,381,681	-	1,381,681	1,909,668	1,909,668	(62,333)	(62,333)
-	-	-	-	-	-	8,187,900	-	8,187,900	21,923,872	10,742,697	4,078,538	1,998,484
-	-	-	-	(3,492,280)	-	141,944,253	(106,133,533)	35,810,720	21,865,058	21,865,058	(3,839,405)	(3,839,405)
-	-	-	-	(29,000)	-	260,001	(123,001)	137,000	134,500	134,500	(27,416)	(27,416)
-	-	-	-	-	-	187,458	(8,000)	179,458	414,236	414,236	104,731	104,731
-	-	-	-	-	-	11,643,346	(18,000)	11,625,346	45,198,025	45,198,025	6,066,003	6,066,003
-	-	-	-	(209,793,794)	-	773,221,794	(460,793,794)	312,428,000	328,357,839	328,357,839	(273,067,257)	(273,067,257)
-	-	-	-	(162,566,244)	-	310,087,200	(244,685,245)	65,401,955	88,048,085	88,048,085	(168,822,129)	(168,822,129)
-	-	-	-	-	-	134,280,847	-	134,280,847	175,351,883	175,351,883	15,323,785	15,323,785
-	-	-	-	-	-	30,000,000	-	30,000,000	171,221,001	171,221,001	122,230,639	122,230,639
-	-	(37,489,000)	-	-	-	153,499,666	-	153,499,666	161,969,602	134,920,678	22,451,674	18,702,244
-	-	-	-	-	-	950	-	950	5,787,612	-	(6,037,061)	-
-	-	-	-	(1,408,620)	-	24,055,699	(16,244,539)	7,811,160	29,326,926	14,956,732	1,285,016	655,358
7,124,008	-	-	-	-	-	7,124,008	-	7,124,008	6,507,696	6,507,696	614,786	614,786
-	-	-	-	(3,360,700)	-	15,537,145	(11,252,445)	4,284,700	6,312,813	4,418,969	(180,000)	(126,000)
-	-	-	-	-	-	38,512,802	-	38,512,802	46,688,070	46,688,070	6,634,503	6,634,503
-	-	-	-	-	-	32,336,454	(32,330)	32,304,124	42,468,320	42,468,320	5,472,033	5,472,033
-	-	2,200,000	-	(1,788,851)	-	32,669,151	(30,644,069)	2,025,082	2,025,082	2,025,082	(1,788,851)	(1,788,851)
-	-	-	-	-	-	3,500,109	(1,086,596)	2,413,513	4,612,710	4,612,710	(179,457)	(179,457)
-	-	-	36,074	(108,400)	-	304,400	(304,398)	2	-	-	-	-
-	-	-	-	-	-	4,249,906	4,150,094	8,400,000	13,285,953	11,442,128	1,001,691	862,676
-	-	-	-	-	-	1	-	1	-	-	-	-
-	-	-	100,000	(106,000)	-	280,000	(206,000)	74,000	73,964	73,964	(60,298)	(60,298)
-	-	-	-	-	-	6,069,782	-	6,069,782	10,751,092	6,988,210	210,974	137,133
-	-	-	-	(3,506,591)	-	69,957,191	(42,806,591)	27,150,600	43,664,208	26,198,525	5,811,478	3,486,887
7,124,008	**-**	**(35,289,000)**	**136,074**	**(386,160,480)**	**-**	**1,824,391,744**	**(910,988,447)**	**913,403,297**				

LIST OF EQUITY INVESTMENTS (continued)

A2. Investments in joint ventures and affiliated companies

(euros)			Share capital		Shares or par value interests held		Initial value		
Company	Head office	Currency	Amount	Par value per share	%	Number or par value	Cost (1)	Revaluations (Writedowns)	Net carrying amount (1)
EDF En Services Italia Srl	Bologna	EUR	10,000	-	30.000	3,000	536,400	-	536,400
EL.I.T.E. Spa	Milan	EUR	3,888,500	1.00	48.449	1,883,940	1,883,940	-	1,883,940
Eta 3 Spa	Arezzo	EUR	2,000,000	1.00	33.013	660,262	660,262	-	660,262
Ibiritermo Sa	Ibiritè (Brazil)	BRL	7,651,814	1.00	50.000	3,825,907	1,161,904	-	1,161,904
Iniziativa Universitaria 1991 Spa	Varese	EUR	16,120,000	520.00	32.258	10,000	4,405,565	(82,283)	4,323,282
Kraftwerke Hinterrhein (KHR) Ag	Thusis (Switzerland)	CHF	100,000,000	1,000.00	20.000	20,000	11,362,052	-	11,362,052
Nuova ISI Impianti selez. inerti Srl in bankruptcy	Vazia (RI)	LIT	150,000,000	-	33.333	50,000,000	1	-	1
Parco Eolico Castelnuovo Srl	Castelnuovo di Conza (SA)	EUR	10,200	-	50.000	5,100	854,000	-	854,000
Società Gasdotti Algeria Italia - Galsi Spa	Milan	EUR	37,419,179	1.00	23,529	8,804,516	21,463,311	(5,695,000)	15,768,311
Total A2. Investments in joint ventures and affiliated companies							**42,327,435**	**(5,777,283)**	**36,550,152**
Total A. Equity investments							**1,894,748,097**	**(530,605,250)**	**1,364,142,847**

A1. Investments in subsidiaries Disposal Group

(euros)			Share capital		Shares or par value interests held		Initial value		
Company	Head office	Currency	Amount	Par value per share	%	Number or par value	Cost (1)	Revaluations (Writedowns)	Net carrying amount (1)
Hydros Srl	Bolzano	EUR	30,018,000	-	40.000	12,007,200	33,379,456	-	33,379,456
Total A1. Investments in subsidiaries Disposal Group							**33,379,456**	**-**	**33,379,456**

A2. Investments in joint ventures and affiliated companies Disposal Group

(euros)			Share capital		Shares or par value interests held		Initial value		
Company	Head office	Currency	Amount	Par value per share	%	Number or par value	Cost (1)	Revaluations (Writedowns)	Net carrying amount (1)
Sel Edison Spa	Castelbello (BZ)	EUR	84,798,000	1.00	42.000	35,615,160	35,615,160	-	35,615,160
Total A2. Investments in joint ventures and affiliated companies Disposal Group							**35,615,160**	**-**	**35,615,160**
Total Equity investments Disposal Group							**68,994,616**	**-**	**68,994,616**

(1) Amounts in euros

The currency codes used are consistent with the ISO 4217 International Standard.
BRL Brazilian Real
CHF Swiss Franc
EGP Egyptian Pound
EUR Euro
GBP British Pound
NLG Dutch Guilder
PTE Portuguese Escudo
TRL Turkish Lira
USD US Dollar
LIT Italian Lira

Changes during the year						Ending value at 12.31.2015						
Additions	Disposals	Advance on (Distribution of) capital and reserves	Coverage of loss	Revaluations (Writedowns)	Other changes	Cost (1)	Revaluations (Writedowns)	Net carrying amount (1)	S.E last financial statements	Pro-rata interest in S. E.	Net result last fin. statements	Pro-rata interest in net result
-	-	-	-	-	-	536,400	-	536,400	-	-	-	-
-	-	-	-	-	-	1,883,940	-	1,883,940	-	-	-	-
-	-	-	-	-	-	660,262	-	660,262	-	-	-	-
-	-	-	-	-	-	1,161,904	-	1,161,904	46,603,000	23,301,500	16,075,000	8,037,500
-	-	-	-	(296,655)	-	4,405,565	(378,938)	4,026,627	-	-	-	-
-	-	-	-	-	-	11,362,052	-	11,362,052	-	-	-	-
-	-	-	-	-	-	1	-	1	-	-	-	-
-	-	-	-	(14,500)	-	854,000	(14,500)	839,500	978,874	489,437	(25,233)	(12,617)
2,701,446	-	-	-	(18,469,756)	-	24,164,757	(24,164,756)	1	-	-	-	-
2,701,446	**-**	**-**	**-**	**(18,780,911)**	**-**	**45,028,881**	**(24,558,194)**	**20,470,687**	**-**	**-**	**-**	**-**
9,825,454	**-**	**(35,289,000)**	**136,074**	**(404,941,391)**	**-**	**1,869,420,625**	**(935,546,641)**	**933,873,984**	**-**	**-**	**-**	**-**

Changes during the year						Ending value at 12.31.2015						
Additions	Disposals	Advance on (Distribution of) capital and reserves	Coverage of loss	Revaluations (Writedowns)	Other changes	Cost (1)	Revaluations (Writedowns)	Net carrying amount (1)	S.E last financial statements	Pro rata interest in S. E.	Net result last fin. statements	Pro rata interest in net result
-	-	-	-	-	-	33,379,456	-	33,379,456	**110,874,023**	44,349,609	10,754,257	4,301,703
-	-	-	-	**-**	-	**33,379,456**	**-**	**33,379,456**	-	**-**	**-**	**-**

Changes during the year						Ending value at 12.31.2015						
Additions	Disposals	Advance on (Distribution of) capital and reserves	Coverage of loss	Revaluations (Writedowns)	Other changes	Cost (1)	Revaluations (Writedowns)	Net carrying amount (1)	S.E last financial statements	Pro rata interest in S. E.	Net result last fin. statements	Pro rata interest in net result
-	-	-	-	-	-	35,615,160	-	35,615,160	-	-	-	-
-	-	-	-	**-**	-	**35,615,160**	**-**	**35,615,160**	-	**-**	**-**	**-**
-	-	**-**	**-**	**-**	-	**68,994,616**	**-**	**68,994,616**	-	**-**	**-**	**-**

LIST OF EQUITY INVESTMENTS (continued)

B. Available-for-sale investments

(euros)			Share capital		Shares or par value interests held		Initial value		
Company	Head office	Currency	Amount	Par value per share	%	Number or par value	Cost (1)	Revaluations (Writedowns)	Net carrying amount (1)
Emittenti Titoli Spa	Milan	EUR	4,264,000	0.52	3.890	319,000	164,263	-	164,263
European Energy Exchange Ag - EEX	Leipzig (Germany)	EUR	40,050,000	1.00	0.757	303,106	680,500	-	680,500
Finligure Spa (in bankruptcy)	Genoa	LIT	6,261,874,080	3.135	0.035	700	1	-	1
Istituto Europeo di Oncologia Srl	Milan	EUR	80,579,007	-	4.284	3,451,632	4,074,528	(550,686)	3,523,842
I.SV.E.UR. Spa	Rome	EUR	2,500,000	1,000.00	1.000	25	5,620	-	5,620
Mandelli Spa (under extraordinary administration)	Piacenza	EUR	10,200,000	0.51	0.000	11	13	(12)	1
MIP Politecnico di Milano Graduate School of Business Scpa	Milan	EUR	354,000	1.00	3.390	12,000	-	-	-
Nomisma - Società di studi economici Spa	Bologna	EUR	6,963,500	0.24	1.096	320,000	479,473	(404,393)	75,080
Orione - Soc. Ind. Per Sic. E Vig. Cons. per Azioni	Turin	EUR	120,000	1.00	0.218	261	261	-	261
Cartiere Riunite Donzelli e Meridionali Spa	Milan	LIT	25,602,759,000	200.00	0.000	1	-	-	-
Pro.Cal. Scrl (in bankruptcy)	Naples	LIT	500,000,000	-	4.348	21,739,000	11,228	(11,227)	1
Prometeo Spa	Osimo (AN)	EUR	2,818,277	1.00	14.446	407,136	451,289	-	451,289
RCS MediaGroup Spa - Common shares (shares without par value)	Milan	EUR	475,134,602	-	0.897	4,681,152	9,134,098	(4,757,221)	4,376,877
Reggente Spa	Lucera (FG)	EUR	260,000	0.52	5.209	26,043	13,450	-	13,450
Sirio - Sicurezza Industriale Scpa	Turin	EUR	120,000	1.00	0.259	311	27	-	27
Sistema Permanente di Servizi Spa (in bankruptcy)	Rome	EUR	154,950	51.65	12.600	378	1	-	1
Syremont Spa	Rose (CS)	EUR	1,550,000	1.00	19.355	300,000	400	-	400
Terminale GNL Adriatico Srl	Milan	EUR	200,000,000	-	7.297	14,594,000	171,059,544	(6,174,950)	164,884,594
Total B. Available-for-sale investments							**186,074,696**	**(11,898,489)**	**174,176,207**

C. Investments held for trading

(euros)			Share capital		Shares or par value interests held	
Company	Head office	Currency	Amount	Par value per share	%	Number or par value
ACSM - AGAM Spa	Monza	EUR	76,619,105	1.00	1.942	1,488,000
American Superconductor	Devens (United States)	USD	139,536	0.01	0.115	16,000
Total C. Investments held for trading						

(1) Investments held for trading.

The currency codes used are consistent with the ISO 4217 International Standard.
BRL Brazilian Real
CHF Swiss Franc
EGP Egyptian Pound
EUR Euro
GBP British Pound
NLG Dutch Guilder
PTE Portuguese Escudo
TRL Turkish Lira
USD US Dollar
LIT Italian Lira

Changes during the year						Ending value at 12.31.2015		
Additions	Disposals	Advance on (Distribution of) capital and reserves	Coverage of loss	Revaluations (Writedowns)	Other changes	Cost (1)	Revaluations (Writedowns)	Net carrying amount (1)
-	-	-	-	-	-	164,263	-	164,263
-	-	-	-	-	-	680,500	-	680,500
-	-	-	-	-	-	1	-	1
-	-	-	-	-	-	4,074,528	(550,686)	3,523,842
-	-	-	-	-	-	5,620	-	5,620
-	-	-	-	-	-	13	(12)	1
12,000	-	-	-	-	-	12,000	-	12,000
-	-	-	-	-	-	479,473	(404,393)	75,080
-	-	-	-	-	-	261	-	261
-	-	-	-	-	1	1	-	1
-	-	-	-	-	-	11,228	(11,227)	1
-	-	-	-	-	-	451,289	-	451,289
-	-	-	-	(1,469,882)	-	9,134,098	(6,227,103)	2,906,995
-	-	-	-	-	-	13,450	-	13,450
-	-	-	-	-	-	27	-	27
-	-	-	-	-	-	1	-	1
-	-	-	-	-	-	400	-	400
-	-	(5,837,600)	-	-	-	165,221,944	(6,174,950)	159,046,994
12,000	**-**	**(5,837,600)**	**-**	**(1,469,882)**	**1**	**180,249,097**	**(13,368,371)**	**166,880,726**

Initial value			Changes during the year				Ending value at 12.31.2015		
Cost (1)	Mark to market	Net carrying amount (1)	Additions	Disposals	Increase of share capital and reserves	Mark to market	Cost (1)	Mark to market	Net carrying amount (1)
5,360,000	(3,723,200)	1,636,800	-	-	-	744,000	5,360,000	(2,979,200)	2,380,800
4,975,111	(4,878,272)	96,839	-	-	-	(3,223)	4,975,111	(4,881,495)	93,616
10,335,111	**(8,601,472)**	**1,733,639**	**-**	**-**	**-**	**740,777**	**10,335,111**	**(7,860,695)**	**2,474,416**

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 Marc Benayoun, in my capacity as "Chief Executive Officer," and Didier Calvez and Roberto Buccelli, in our capacity as Managers responsible for financial reporting, 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, 2014 to December 31, 2015:

   - 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 15, 2016

Chief Executive Officer	*Managers responsible for financial reporting*
	Didier Calvez
Marc Benayoun	Roberto Buccelli

REPORT OF THE INDEPENDENT AUDITORS

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

**INDEPENDENT AUDITORS' REPORT
PURSUANT TO ART. 14 AND 16 OF
LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of
EDISON S.p.A.**

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements, which comprise the income statement, the other comprehensive income statement, the balance sheet, the cash flow statement, the statement of changes in separate shareholders' equity, a summary of significant accounting policies and other explanatory information of Edison S.p.A. (the "Company") as of December 31, 2015.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these separate financial statements that give a true and fair view 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° 38/05.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Palermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

Opinion

In our opinion, the separate financial statements give a true and fair view of the financial position of Edison S.p.A. as at December 31, 2015, and of its financial performance and 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° 38/05.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the separate financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of the Company, with the separate financial statements of Edison S.p.A. as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the separate financial statements of Edison S.p.A. as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Piergiulio Bizioli
Partner

Milan, Italy
February 16, 2016

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

Edison Spa
31 Foro Buonaparte
20121 Milan, Italy

Capital stock: 5,291,700,671.00 euros, fully paid in
Milan Company Register
and Tax I.D. No 06722600019
VAT No. 08263330014
REA Milan No. 1698754
gruppoedison@pec.edison.it

This document is also available on the
Company website: www.edison.it

Editorial coordination
Edison External Relations and Communications Department
Zero3zero9, Milan (Italy)

Art direction by
In Pagina, Saronno (Italy)

Photographs by
www.edisonmediacenter.it

Printed by
Mastergraph, Milan (Italy)

Milan, March 2016

This publication was printed on environmentally friedly paper with low impact on the environment.

EDISON Spa
31 Foro Buonaparte
20121 Milan, Italy
Tel. +39 02 6222.1
www.edison.it

EDISON