2014
Separate financial statements

a2a

Contents

This is a translation of the Italian original “Bilancio separato 2014” and has been prepared solely for the convenience of international readers. In the event of any ambiguity the Italian text will prevail. The Italian original is available on the website www.a2a.eu

Overview of performance, financial conditions and net debt

A2A S.p.A.

The Parent Company is responsible for developing the business, strategic vision, planning, control, financial management and coordination of the A2A Group activities. It also provides services to support the business and operating activities of Group companies (administrative, legal, supply, and personnel management services, information technology and communications) in order to optimize the resources available and use existing expertise in the most efficient manner. These services are rgulated by designated intercompany service contracs.

Finally, A2A S.p.A. provides its subsidiaries with office space and operating areas, as well as related services.

A2A S.p.A. is the owner of thermoelectric plants in Cassano d'Adda, Ponti sul Mincio and Monfalcone, a few hydroelectric plants located in Valtellina, and the hydroelectric plant in Calabria.

Financial performance

Millions of euro	01 01 2014 12 31 2014	01 01 2013 12 31 2013	Changes
Revenues			
Revenues from the sale of goods and services	553.6	414.6	139.0
Other operating income	24.5	14.6	9.9
Total revenues	**578.1**	**429.2**	**148.9**
Operating expenses	(353.1)	(221.2)	(131.9)
Labour costs	(131.5)	(122.2)	(9.3)
Gross operating income - EBITDA	**93.5**	**85.8**	**7.7**
Depreciation, amortization and write-downs	(115.6)	(215.2)	99.6
Provisions	(92.3)	(9.7)	(82.6)
Net operating income - EBIT	**(114.4)**	**(139.1)**	**24.7**
Result from non-recurring transactions	**24.8**	**23.4**	**1.4**
Net charges/proceeds from financial management	70.9	58.1	12.8
Result before taxes	**(18.7)**	**(57.6)**	**38.9**
Income taxes	27.0	63.0	(36.0)
Result after taxes from operating activities	**8.3**	**5.4**	**2.9**
Net result from discontinued operations	**-**	**-**	**-**
Net result of the year	**8.3**	**5.4**	**2.9**

In the year under review, A2A S.p.A. reported revenue of 578.1 million euro (429.2 million euro last year). The increase of 148.9 million euro was mainly due to higher revenues from the sale of Green Certificates due to both increased production of hydroelectric plants, which benefited from greater hydraulicity compared to 2013, and the trading of environmental securities by the company in the reporting year in order to optimize the Group's portfolio.

Operating expenses increased by 131.9 million euro, from 221.2 million euro in 2013 to 353.1 million euro in 2014, largely as a result of the trading of the Green Certificates mentioned above.

Labour costs amounted to 131.5 million euro, an increase of 9.3 million euro over the previous year. This increase, mainly due to the integration of the corporate structures of the subsidiary Edipower S.p.A. (as of January 1, 2014), was partly offset by a reduction in workforce resulting from the corporate restructuring plan already initiated in 2013.

"Gross Operating Income" amounted to 93.5 million euro, up 7.7 million euro over 2013.

"Amortisation, depreciation, provisions and write-downs" for the year amounted to 207.9 million euro (224.9 million euro at December 31, 2013) and include amortisation and write-downs of the intangible and tangible assets for 115.6 million euro (215.2 million euro at December 31, 2013) and provisions for 92.3 million euro (9.7 million euro at December 31, 2013).

The item decreased by 17.0 million euro compared to the previous year due to lower depreciation of tangible assets arising from write-downs from impairment tests carried out on December 31, 2013, as well as the revision of the useful lives of the CCGT plants starting July 1, 2014, lower write-downs following the results of impairment tests at December 31, 2014 and the increase in provisions for risks.

The “Net Operating Income” is negative by 114.4 million euro (negative by 139.1 million euro at December 31, 2013).

The “Result from non-recurring transactions” amounted to 24.8 million euro (23.4 million euro at December 31, 2013) and incorporates the income on the exchange agreement between A2A S.p.A. and Dolomiti Energia which provided for the sale to A2A S.p.A. of Edipower S.p.A. shares owned by Dolomiti Energia S.p.A. in exchange for the sale of Dolomiti Energia shares held by A2A S.p.A. plus the balance in cash or assets for a total of 16 million euro. This income derives from the difference between the value attributed to the shareholding in Dolomiti Energia S.p.A. as part of the exchange and the book value of the same in the financial statements of A2A S.p.A.; in the previous year the item included the gain realized on the sale of the company Chi.Na.Co S.r.l., to which A2A S.p.A. had transferred five small flowing water hydroelectric plants with an installed power of approximately 8 MW.

Financial balance showed a positive balance of 70.9 million euro, an improvement of 12.8 million euro compared to December 31, 2013 which had a positive balance of 58.1 million euro. In the reporting year, this item mainly represented the write-down on the shareholding in Ergosud S.p.A. made as a result of the results of the impairment test performed by an external expert.

The “Result before taxes” came to 18.7 million euro (as compared to pre-tax loss of 57.6 million euro at December 31, 2013).

“Income taxes”, inclusive of deferred taxes, is positive for 27 million euro (positive for 63 million euro at December 31, 2013).

Further to the above dynamics, “Net result of the year” came to 8.3 million euro (5.4 million euro a year earlier).

Investments for the year amounted to 52.9 million euro and in particular concerned interventions on the hydroelectric plants, thermoelectric plants, leasehold improvements and investments in information systems of the Group.

Balance sheet and net debt

Millions of euro	12 31 2014	12 31 2013
EMPLOYED CAPITAL		
Net fixed assets	**5,162.3**	**5,304.5**
- Tangible assets	1,302.8	1,365.2
- Intangible assets	54.3	54.1
- Shareholdings and other non-current financial assets (*)	4,085.8	4,096.0
- Other non-current assets/liabilities (*)	(13.3)	(2.7)
- Prepaid/deferred tax assets/liabilities	34.8	28.0
- Provisions for risks, charges and liabilities for landfills	(164.5)	(111.2)
- Employee benefits	(137.6)	(124.9)
of which with counter-entry to equity	*(15.6)*	*(6.3)*
Working capital	**16.4**	**82.5**
- Inventories	5.5	5.6
- Trade receivables and other current assets (*)	261.3	287.7
- Trade payables and other current liabilities (*)	(302.4)	(257.1)
- Assets for current assets/liabilities for taxes	52.0	46.3
TOTAL EMPLOYED CAPITAL	**5,178.7**	**5,387.0**
SOURCES OF COVERAGE		
Equity	**2,324.7**	**2,448.0**
Total financial position beyond one year	3,439.3	3,163.9
Total financial position within one year	(585.3)	(224.9)
Total net financial position	**2,854.0**	**2,939.0**
of which with counter-entry to equity	*(50.6)*	*(30.9)*
TOTAL SOURCES	**5,178.7**	**5,387.0**

(*) Net of balances included in the Net Financial Position.

"Employed capital" totalled 5,178.7 million euro at December 31, 2014, partly covered by "Equity" in the amount of 2,324.7 million euro and net debt of 2,854.0 million euro.

The amount of "Employed capital" decreased by 208.3 million euro. This decrease is due for 142.2 million euro to the decrease in "Net fixed assets", mainly due to the reduction of fixed assets and investments, as well as the increase in the provisions for risks and employee benefits and for 66.1 million euro to the reduction in "Working capital".

The "Net financial position", equal to 2,854.0 million euro, improved by 85.0 million euro compared to December 31, 2013 following the positive generation of cash flow of operations, partially offset by the resources absorbed by the investments in tangible and intangible assets for 52.9 million euro and by dividends paid for 102.5 million euro.

Millions of euro	12 31 2014	12 31 2013
NET FINANCIAL POSITION AT THE START OF THE YEAR	**(2,939.0)**	**(2,993.2)**
EXTRAORDINARY TRANSACTIONS	**4.5**	**-**
Result of the year (**)	(16.6)	(18.4)
Amortization and depreciation	86.3	103.3
Net taxes paid/receivables for taxes paid	17.3	24.6
Write-downs on shareholdings and fixed assets	80.6	183.1
Change in the assets and liabilities (*)	88.1	(183.7)
Cash flow from operating activities	**255.7**	**108.9**
Cash flow from investment activities	**(52.9)**	**36.6**
Dividends paid	(102.5)	(80.8)
Changes in financial assets/liabilities with counter-entry to equity	(19.8)	(10.5)
NET FINANCIAL POSITION AT YEAR END	**(2,854.0)**	**(2,939.0)**

(*) Net of balances with offsetting entry under shareholders' equity.
(**) Net of capital gains for sale of shareholdings.

Below is a detail of the net financial position:

Millions of euro	12 31 2014	12 31 2013
Medium/long-term debt	3,876.0	3,871.9
Medium/long-term financial receivables	(436.7)	(708.0)
Total non-current net debt	**3,439.3**	**3,163.9**
Short-term debt	555.5	835.0
Short-term financial receivables	(730.3)	(873.0)
Cash and cash equivalents	(410.5)	(186.9)
Total current net debt	**(585.3)**	**(224.9)**
Net financial debt	**2,854.0**	**2,939.0**

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Financial Statements

Balance sheet ([1])

Assets

Amounts in euro	Note	12 31 2014	12 31 2013
NON-CURRENT ASSETS			
Tangible assets	1	1,302,782,636	1,365,227,848
Intangible assets	2	54,356,697	54,082,986
Shareholdings	3	4,081,644,308	4,091,965,853
Other non-current financial assets	3	406,342,569	668,533,301
Deferred tax assets	4	34,807,533	28,052,579
Other non-current assets	5	34,927,876	44,014,844
Total non-current assets		**5,914,861,619**	**6,251,877,411**
CURRENT ASSETS			
Inventories	6	5,526,617	5,634,434
Trade receivables	7	219,459,293	164,885,785
Other current assets	8	41,864,763	122,846,213
Current financial assets	9	730,268,721	872,983,019
Current tax assets	10	51,955,092	46,657,285
Cash and cash equivalents	11	410,501,055	186,891,718
Total current assets		**1,459,575,541**	**1,399,898,454**
NON-CURRENT ASSETS HELD FOR SALE		**-**	**-**
TOTAL ASSETS		**7,374,437,160**	**7,651,775,865**

(1) As prescribed by Consob Resolution no. 17221 of March 12, 2010 the effects of related party transactions on the separate financial statements are provided in the statements in section 0.2 and discussed in Note 34. Significant non-recurring events and transactions in the separate financial statements are provided in Note 35, as required by Consob Communication DEM/6064293 of July 28, 2006.

Equity and liabilities

Amounts in euro	Note	12 31 2014	12 31 2013
EQUITY			
Share capital	12	1,629,110,744	1,629,110,744
(Treasury shares)	13	(60,891,196)	(60,891,196)
Reserves	14	748,270,204	874,376,650
Net result of the year	15	8,257,733	5,419,854
Total equity		**2,324,747,485**	**2,448,016,052**
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	16	3,807,662,354	3,824,338,383
Employee benefits	17	137,616,852	124,965,637
Provisions for risks, charges and liabilities for landfills	18	164,494,146	111,167,713
Other non-current liabilities	19	82,081,615	50,786,583
Total non-current liabilities		**4,191,854,967**	**4,111,258,316**
Current liabilities			
Trade payables	20	122,949,653	117,550,625
Other current liabilities	20	179,425,157	139,619,152
Current financial liabilities	21	555,459,898	834,991,941
Tax liabilities	22	-	339,779
Total current liabilities		**857,834,708**	**1,092,501,497**
Total liabilities		**5,049,689,675**	**5,203,759,813**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**-**	**-**
TOTAL EQUITY AND LIABILITIES		**7,374,437,160**	**7,651,775,865**

Income statement ([1])

Amounts in euro	Note	01 01 2014 12 31 2014	01 01 2013 12 31 2013
Revenues			
Revenues from the sale of goods and services		553,616,259	414,558,491
Other operating income		24,539,144	14,644,794
Total revenues	**24**	**578,155,403**	**429,203,285**
Operating expenses			
Expenses for raw materials and services		274,555,494	164,904,124
Other operating expenses		78,542,149	56,294,790
Total operating expenses	**25**	**353,097,643**	**221,198,914**
Labour costs	**26**	**131,530,088**	**122,223,138**
Gross operating income – EBITDA	**27**	**93,527,672**	**85,781,233**
Depreciation, amortization, provisions and write-downs	**28**	**207,946,812**	**224,897,807**
Net operating income – EBIT	**29**	**(114,419,140)**	**(139,116,574)**
Result from non-recurring transactions	**30**	**24,839,349**	**23,387,585**
Financial balance			
Financial income		315,873,923	309,864,690
Financial expenses		245,014,787	251,730,858
Result from disposal of other shareholdings (AFS)		(404)	6,750
Total financial balance	**31**	**70,858,732**	**58,140,582**
Result before taxes		**(18,721,059)**	**(57,588,407)**
Income taxes	**32**	**(26,978,792)**	**(63,008,261)**
Result after taxes from operating activities		**8,257,733**	**5,419,854**
Net result from discontinued operations		**-**	**-**
NET RESULT OF THE YEAR	**33**	**8,257,733**	**5,419,854**

(1) As prescribed by Consob Resolution no. 17221 of March 12, 2010, the effects of related party transactions on the separate financial statements are provided in the statements in section 0.2 and discussed in Note 34. Significant non-recurring events and transactions In the separate financial statements are presented in Note 35 as required by Consob Communication DEM/6064293 of July 28, 2006.

Statement of comprehensive income

Amounts in euro	12 31 2014	12 31 2013
Net result of the year (A)	**8,257,733**	**5,419,854**
Actuarial gains/(losses) on employee benefits booked in net equity	(15,548,584)	(10,657,515)
Tax effect on the actuarial gains/(losses)	2,272,511	4,097,445
Total actuarial gains/(losses) net of the tax effect (B)	**(13,276,073)**	**(6,560,070)**
Effective part of gains/(losses) on cash flow hedge	(19,719,727)	(10,551,148)
Tax effect of other gains/(losses)	3,967,092	3,587,390
Total other gains/(losses) net of the tax effect (C)	**(15,752,635)**	**(6,963,758)**
Gains/(losses) from the restatement of financial assets available for sale (D)	**-**	**(607,839)**
Total comprehensive result (A) + (B) + (C) + (D)	**(20,770,975)**	**(8,711,813)**

With the exception of the actuarial effects on employee benefits recognized in equity, the other effects stated above will be reclassified to profit or loss in subsequent years.

Cash flow statement

Amounts in euro	12 31 2014	12 31 2013
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**186,891,718**	**300,505,177**
Contribution from non-recurring transactions	**4,479,300**	**-**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**191,371,018**	**300,505,177**
Operating activities		
Result of the year (**)	(16,581,616)	(18,354,481)
Tangible assets depreciation	80,477,097	92,455,083
Intangible assets amortization	5,783,225	10,887,826
Fixed assets write-downs/disposals	29,390,367	112,048,464
Shareholdings write-downs/disposals	51,160,894	71,034,346
Net taxes paid/receivables for disposed taxes (a)	*17,271,485*	*24,625,682*
Gross change in assets and liabilities (b)	*88,197,744*	*(183,763,909)*
Total change of assets and liabilities (*a+b*) (*)	105,469,229	(159,138,227)
Cash flow from operating activities	**255,699,196**	**108,933,011**
Investment activities		
Investments in tangible assets	(45,658,411)	(20,955,998)
Investments in intangible assets and goodwill	(7,284,981)	(7,782,385)
Investments in shareholdings and securities (*)	-	(97,000)
Disposal of fixed assets and shareholdings	-	65,391,509
Cash flow from investment activities	**(52,943,392)**	**36,556,126**
FREE CASH FLOW	***202,755,804***	***145,489,137***
Financing activities		
Change in financial assets (*)	344,919,413	(696,208,481)
Change in financial liabilities (*)	(152,979,788)	628,878,485
Net financial interests paid	(73,067,800)	(111,016,921)
Dividends paid	(102,497,592)	(80,755,679)
Cash flow from financing activities	**16,374,233**	**(259,102,596)**
CHANGE IN CASH AND CASH EQUIVALENTS	**219,130,037**	**(113,613,459)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**410,501,055**	**186,891,718**

(*) Cleared of balances in return of shareholders' equity and other balance sheet items.
(**) Result of the year is exposed net of gains on shareholdings' and fixed assets' disposals.

Statement of changes in equity

Description *Amounts in euro*	**Share Capital note 12**	**Treasury Shares note 13**
Equity at December 31, 2012	**1,629,110,744**	**(60,891,196)**
Allocation of 2012 net result		
Ordinary dividend distribution		
IAS 32 and IAS 39 reserves (*)		
IAS 19 Revised reserve "Employee Benefits" (*)		
Net result of the year (*)		
Equity at December 31, 2013	**1,629,110,744**	**(60,891,196)**
Allocation of 2013 net result		
Ordinary dividend distribution		
IAS 32 and IAS 39 reserves (*)		
IAS 19 Revised reserve "Employee Benefits" (*)		
Net result of the year (*)		
Equity at December 31, 2014	**1,629,110,744**	**(60,891,196)**
Availability of Equity Reserves A: For share capital increase B: To cover losses C: For distribution to shareholders - available for 505,297,730 euro (**) D: Reserves not available		

(*) These form part of the statement of com-prehensive income.
(**) Of which subject to moderate tax sus-pension of 198,270,129 euro.

Reserves note 14	Cash Flow hedge reserve note 14	Available for sale reserve note 14	Net result of the year note 15	Total equity
802,461,721	**(16,352,565)**		**183,154,840**	**2,537,483,544**
183,154,840			(183,154,840)	
(80,755,679)				(80,755,679)
	(6,963,757)	(607,840)		(7,571,597)
(6,560,070)				(6,560,070)
			5,419,854	5,419,854
898,300,812	**(23,316,322)**	**(607,840)**	**5,419,854**	**2,448,016,052**
5,419,854			(5,419,854)	
(102,497,592)				(102,497,592)
	(15,752,635)			(15,752,635)
(13,276,073)				(13,276,073)
			8,257,733	8,257,733
787,947,001	**(39,068,957)**	**(607,840)**	**8,257,733**	**2,324,747,485**
A-B-C	**D**			

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Financial Statements pursuant to Consob Resolution no. 17221 of March 12, 2010

Balance sheet

pursuant to Consob Resolution no. 17221 of March 12, 2010

Assets

Amounts in euro	12 31 2014	of which Related Parties (note 34)	12 31 2013	of which Related Parties (note 34)
ASSETS				
NON-CURRENT ASSETS				
Tangible assets	1,302,782,636		1,365,227,848	
Intangible assets	54,356,697		54,082,986	
Shareholdings	4,081,644,308	4,081,644,308	4,091,965,853	4,091,965,853
Other non-current financial assets	406,342,569	402,075,856	668,533,301	664,397,528
Deferred tax assets	34,807,533		28,052,579	
Other non-current assets	34,927,876		44,014,844	
TOTAL NON-CURRENT ASSETS	**5,914,861,619**		**6,251,877,411**	
CURRENT ASSETS				
Inventories	5,526,617		5,634,434	
Trade receivables	219,459,293	218,275,427	164,885,785	154,979,031
Other current assets	41,864,763	32,141,672	122,846,213	41,348,313
Current financial assets	730,268,721	730,268,721	872,983,019	872,983,019
Current tax assets	51,955,092		46,657,285	
Cash and cash equivalents	410,501,055		186,891,718	
TOTAL CURRENT ASSETS	**1,459,575,541**		**1,399,898,454**	
NON-CURRENT ASSETS HELD FOR SALE	-		-	
TOTAL ASSETS	**7,374,437,160**		**7,651,775,865**	

Equity and liabilities

Amounts in euro	12 31 2014	of which Related Parties (note 34)	12 31 2013	of which Related Parties (note 34)
EQUITY				
Share capital	1,629,110,744		1,629,110,744	
(Treasury shares)	(60,891,196)		(60,891,196)	
Reserves	748,270,204		874,376,650	
Net result of the year	8,257,733		5,419,854	
Total equity	**2,324,747,485**		**2,448,016,052**	
LIABILITIES				
NON-CURRENT LIABILITIES				
Non-current financial liabilities	3,807,662,354		3,824,338,383	
Deferred tax liabilities	-		-	
Employee benefits	137,616,852		124,965,637	
Provisions for risks, charges and liabilities for landfills	164,494,146	99,434,624	111,167,713	
Other non-current liabilities	82,081,615		50,786,583	
Total non-current liabilities	**4,191,854,967**		**4,111,258,316**	
CURRENT LIABILITIES				
Trade payables	122,949,653	46,756,325	117,550,625	40,403,163
Other current liabilities	179,425,157	74,446,271	139,619,152	82,309,061
Current financial liabilities	555,459,898	477,809,072	834,991,941	470,175,304
Tax liabilities	-		339,779	
Total current liabilities	**857,834,708**		**1,092,501,497**	
Total liabilities	**5,049,689,675**		**5,203,759,813**	
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**		**-**	
TOTAL EQUITY AND LIABILITIES	**7,374,437,160**		**7,651,775,865**	

Income statement

pursuant to Consob Resolution no. 17221 of March 12, 2010

Amounts in euro	01 01 2014 12 31 2014	of which Related Parties (note 34)	01 01 2013 12 31 2013	of which Related Parties (note 34)
Revenues				
Revenues from the sale of goods and services	553,616,259	526,258,145	414,558,491	402,413,044
Other operating income	24,539,144	10,130,429	14,644,794	7,467,426
Total revenues	**578,155,403**		**429,203,285**	
Operating expenses				
Expenses for raw materials and services	274,555,494	194,420,693	164,904,124	57,600,635
Other operating expenses	78,542,149	458,395	56,294,790	182,678
Total operating expenses	**353,097,643**		**221,198,914**	
Labour costs	**131,530,088**	**1,508,732**	**122,223,138**	**3,048,000**
Gross operating income – EBITDA	**93,527,672**		**85,781,233**	
Depreciation, amortization, provisions and write-downs	**207,946,812**	**99,434,624**	**224,897,807**	
Net operating income – EBIT	**(114,419,140)**		**(139,116,574)**	
Result from non-recurring transactions	**24,839,349**		**23,387,585**	
Financial balance				
Financial income	315,873,923	301,868,583	309,864,690	259,955,992
Financial expenses	245,014,787	58,052,969	251,730,858	77,038,837
Result from disposal of other shareholdings (AFS)	(404)		6,750	
Total financial balance	**70,858,732**		**58,140,582**	
Result before taxes	**(18,721,059)**		**(57,588,407)**	
Income taxes	**(26,978,792)**		**(63,008,261)**	
Result after taxes from operating activities	**8,257,733**		**5,419,854**	
Net result from discontinued operations	**-**		**-**	
NET RESULT OF THE YEAR	**8,257,733**		**5,419,854**	

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Notes

General information on A2A S.p.A.

A2A S.p.A. is a company incorporated under Italian law.

A2A S.p.A. and its subsidiaries (the "Group") operate both in Italy and abroad. In particular, abroad, the A2A Group is present in Montenegro following the acquisition of a controlling stake in the company EPCG which took place in recent years.

In particular, as the "Parent Company", A2A S.p.A. is responsible for developing the business, guiding strategy, overseeing administration, planning and control, handling the financial management, and coordinating the activities of the A2A Group.

Therefore direct subsidiaries benefit from administrative, tax, legal, personnel management, procurement and communication services, so as to optimize the resources that are available within the Group and to use the existing known how in a cost-effective way.

The A2A Group mainly operates in the following sectors:

- the production, sale and distribution of electricity;
- the sale and distribution of gas;
- the production, distribution and sale of heat through district heating networks;
- waste management (from collection and sweeping to disposal) and the construction and management of integrated waste disposal plants and systems, also making these available for other operators;
- integrated water cycle management.

The separate financial statements for A2A S.p.A. are presented in euro, which is also the functional currency in the economies in which the company operates. In particular, the following notes are prepared in thousands of euro.

The separate financial statements of A2A S.p.A. at December 31, 2014 have been prepared on a going-concern basis and comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and these notes.

These financial statements have been prepared in accordance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and endorsed by the European Union, including “International Accounting Standards” (IAS) and “International Financial Reporting Standards” (IFRS), as well as the interpretations of the “International Financial Reporting Interpretation Committee” (IFRIC) and rules issued in application of art. 9 of Legislative Decree 38/2005.

These explanatory notes include the supplemental information required by the Italian civil code, by Consob Resolutions no. 15519 and 15520 of July 27, 2006, and Consob communication no. 6064293 of July 28, 2006.

This separate annual report for the year ended December 31, 2014, was approved on April 9, 2015, by the Board of Directors, which authorized its publication, and has been audited by PricewaterhouseCoopers S.p.A. in accordance with their appointment by the shareholders of April 26, 2007, for the nine years from 2007 to 2015.

Financial statements

For the balance sheet, the company A2A S.p.A. has adopted a format which separates current and non-current assets and liabilities, as required by par. 60 et seq. of IAS 1.

The income statement is presented by nature, a format which is considered more representative than a presentation by function. The selected format is in agreement with the presentation used by the Group's major competitors and in line with international practice.

The specific line items "Result from non-recurring transactions" and "Result from disposal of other shareholdings (AFS)" are in the format of the income statement in order to provide clear and immediate identification of the results arising from non-recurring transactions forming part of continuing operations, separating these from the results from discontinued operations. The line item "Non-recurring transactions" consists of the gains and losses arising from the measurement at fair value less costs to sell or from the sale or disposal of non-current assets (or disposal groups) classified as held for sale within the meaning of IFRS 5, the gains or losses arising on the disposal of shareholdings in unconsolidated subsidiaries and associates and other non-operating income and expenses. This item is presented between net operating income and the financial balance. In this way net operating income is not affected by non-recurring operations, making it easier to measure the effective performance of the Group's ordinary operating activities.

The cash flow statement has been prepared using the indirect method as permitted by IAS 7.

The statement of changes in equity has been prepared in accordance with IAS 1.

The formats adopted for the financial statements are the same as those used to prepare the annual separate financial statements at December 31, 2013.

Basis of preparation

The separate financial statements as at December 31, 2014, have been prepared on a historical cost basis, with the exception of those items which under IFRS must be or can be measured at fair value, as discussed in further detail in the accounting policies.

The accounting principles, the accounting policies and the methods of measurement used in the preparation of the separate financial statements are consistent with those used to prepare the annual separate financial statements at December 31, 2013, except as specified below.

Changes in international accounting standards

The accounting principles adopted for 2014 are the same as those used in the prior year, with the exception of those discussed below in the paragraph "Accounting principles, amendments and interpretations applicable by the company from the current year".

A summary is provided in the following paragraphs "Accounting standards, amendments and interpretations approved by the European Union but applicable after December 31, 2014" and "Accounting standards, amendments and interpretations not yet approved by the European Union" of the changes that will be adopted in future periods, stating the expected effects on the company's financial statements to the extent this is possible.

Accounting principles, amendments and interpretations applied by the company from the current year

A series of amendments introduced by international accounting standards and interpretations have been applied from January 1, 2014, none of which however has led to a significant effect on the company's financial statements. The main changes are described in the following:

- IFRS 11 "Joint Arrangements" was issued by the IASB on May 12, 2011 and is effective from January 1, 2014. This standard establishes that in a joint arrangement two or more parties have joint control and decisions regarding relevant activities require the unanimous consent of the parties.

  IFRS 11 identifies two different types of joint arrangement:

  1. joint operations;
  2. joint ventures.

  The two types differ in the rights and obligations of each party to the joint arrangement. In a joint operation, the parties have rights to the assets and obligations for the liabilities of the arrangement, whereas in a joint venture the parties have rights linked to the net assets of the arrangement. IFRS 11 requires an entity to fully recognize the assets, liabilities, revenues and expenses relating to a joint operation on the basis of its interest, while it should account for a joint venture using the equity method, as required by IAS 28 "Investments in Associates and Joint Ventures".

Joint operations are recognized in the same way in both the separate and consolidated financial statements, with an entity recognizing the assets, liabilities, revenues and expenses on the basis of its interest; joint ventures and investments in subsidiaries and associates on the other hand may be recognized in the separate financial statements either at cost or on the basis of IFRS 9 "Financial Instruments" (and IAS 39 "Financial Instruments: Recognition and Measurement"), as also specified in IAS 27 "Separate Financial Statements". As regards disclosures for the purpose of completeness, reference should be made to the new IFRS 12 "Disclosures of Interests in Other Entities". This standard has been subsequently amended, restricting the need to present comparative figures and information solely to the year or period preceding that of application;

- IFRS 12 "Disclosure of Interests in Other Entities" was issued by the IASB on May 12, 2011 and is applicable from January 1, 2014. This standard establishes the minimum disclosure requirements, combining them with those established by other standards, that entities must provide about all types of interests, including those in a subsidiary, a joint arrangement, an associate, a special-purpose entity or an unconsolidated vehicle. This standard has been subsequently amended, restricting the need to present comparative figures and information solely to the year or period preceding that of application;
- IAS 27 (Revised) "Separated Financial Statements" was issued by the IASB on May 12, 2011 and is applicable from January 1, 2014; a revised version of IAS 27 was issued at the same time as IFRS 10 "Consolidated Financial Statements" was introduced, which retains its role as the general standard of reference for separate financial statements. This standard applies to the measurement of investments in subsidiaries, associates and joint ventures in the separate financial statements of the parent. Joint ventures, as is also the case for investments in subsidiaries and associates, may be recognized in the separate financial statements either at cost or on the basis of IFRS 9 "Financial Instruments" (and IAS 39 "Financial Instruments: Recognition and Measurement"). When, in accordance with IFRS 10 "Consolidated Financial Statements", a parent elects not to prepare consolidated financial statements, in its separate financial statements it must disclose information about its investments in subsidiaries, associates and joint ventures, their principal places of business (and their registered offices if different), their activities, the ownership interest in each individual investee and a description of the method used to account for the investment;
- IAS 28 (Revised) "Investments in Associates and Joint Ventures" was issued by the IASB on May 12, 2011 and is applicable from January 1, 2014; a revised version of IAS 28 was issued at the same time as IFRS 10 "Consolidated Financial Statements" was introduced, whose scope is to prescribe the accounting for investments in associates and joint ventures. An entity that exercises joint control or has significant influence over another entity must account for its investment using the equity method;
- IAS 32 "Financial Instruments: Presentation" was issued by the IASB on December 16,

2011, and is applicable retrospectively for annual periods beginning on or after January 1, 2014. This amendment clarifies the application of certain criteria for offsetting the financial assets and liabilities included in IAS 32;

- IAS 36 "Impairment of Assets": the amendments to IAS 36, which are applicable from January 1, 2014, were issued on May 29, 2013 and regard the disclosures required on recognizing impairment losses when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments remove the requirement to disclose the recoverable amount of assets when the cash generating unit (CGU) includes goodwill or intangible assets with indefinite useful lives but the asset is not impaired. In addition, disclosures are required of the recoverable amount of an asset or CGU and the way in which fair value less costs of disposal has been calculated when an impairment loss has been recognized for the asset;
- IAS 39 "Financial Instruments: Recognition and Measurement": the amendments to this standard, issued on June 27, 2013, regard the accounting for derivatives which have been designated as hedging instruments if there is novation of the counterparty. Before the introduction of these amendments, in these circumstances IAS 39 required an interruption to cash flow hedge accounting on the assumption that the novation led to the conclusion and extinguishment of the pre-existing hedging instrument. These amendments are applicable retrospectively from January 1, 2014;
- IFRS 12 and IAS 27: the amendments to these standards, issued in October 2012, regard the exclusion from the consolidation scope of the majority of companies controlled by funds or similar bodies, requiring that these be measured at "fair value through profit or loss". The amendments also regard IFRS 12 on the question of disclosures made by investment companies.

Accounting standards, amendments and interpretations approved by the European Union but applicable after December 31, 2014

The following accounting principles and interpretations already approved by the European Union and currently not applied by the company could be adopted in the next few years if the conditions arise:

- IAS 19 Revised "Employee Benefits": the amendments to this standard, issued by the IASB on November 21, 2013, regard contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service (for example employee contributions that are calculated according to a fixed percentage of salary). The amendment is applicable for annual reports beginning on or after July 1, 2014 or after;

- On December 12, 2013 the IASB issued a series of amendments to certain accounting standards which may be summarized as follows:
  a) IFRS 2 "Share-based Payment": the amendment clarifies the definition of "vesting condition" by separately defining a "performance condition" and a "service condition";
  b) IFRS 3 "Business Combinations": the amendment clarifies that the obligation to pay consideration in a business combination that meets the classification requirements for a financial instrument is classified in the financial statements as a financial liability on the basis of IAS 32 "Financial Instruments: Presentation". The amendment also clarifies that the standard is not applicable to the joint ventures and joint arrangements regulated by IFRS 11 "Joint Arrangements";
  c) IFRS 8 "Operating Segments": the standard is amended in terms of the disclosures required when different operating segments having similar economic characteristics are aggregated;
  d) IFRS 13 "Fair Value Measurements": the amendment clarifies that the exemption permitting an entity to measure the fair value of financial assets and liabilities on a net basis is applicable to all contracts, regardless of whether they meet the definition of financial assets or financial liabilities;
  e) IAS 16 "Property, Plant and Machinery" and IAS 38 "Intangible Assets": both standards are amended to clarify how recoverable amounts and useful lives are treated when an entity carries out a revaluation;
  f) IAS 24 "Related Party Disclosures": the standard is amended in order to include an entity providing key management personnel services as a related party;
  g) IAS 40 "Property Investments": the amendment to the standard regards the interrelationship between IFRS 3 "Business Combinations" and IAS 40 "Property Investments" when the acquisition of a property can be identified as a business combination.
- IFRIC 21 "Levies": this interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" was issued on May 20, 2013 and regards the accounting for levies imposed by governments which do not fall within the scope of IAS 12 "Income Taxes". IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the legislation that triggers the payment of the levy.

Accounting principles, amendments and interpretations not yet adopted by the European Union

The following standards, amendments and interpretations have not been applied, since at the present time the competent bodies of the European Union have still to complete their adoption process:

- IFRS 9 "Financial instruments": this standard is the first of a multi-phase project which is designed to replace IAS 39 "Financial instruments: recognition and measurement" and to introduce two new criteria to recognize and measure financial assets and liabilities. The main changes introduced by IFRS 9 may be summarized as follows: financial assets can be measured either at fair value or at their amortized cost. As a result, the categories "loans and receivables", "available- for-sale financial assets" and "held-to-maturity investments" disappear. Classification within the two categories is carried out on the basis of an entity's business model and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost if both of the following requirements are met: the objective of the entity's business model is to hold assets to collect contractual cash flows (and therefore in substance not to earn trading profits) and the characteristics of the cash flows of the asset are solely payments of principal and interest. A financial asset is measured at fair value if it is not measured at amortized cost. The rules to account for derivatives have been simplified, as the embedded derivative and the host financial asset are no longer recognized separately.

  All equity instruments - listed or unlisted - must be measured at fair value (IAS 39 established on the other hand that unlisted equity instruments should be valued at cost if fair value could not be reliably measured).

  An entity has the option of presenting changes in the fair value of equity instruments that are not held for trading in equity; that option is not permitted for equity instruments that are held for trading. This designation is permitted on initial recognition, may be adopted for each individual instrument and is irrevocable. If an election is made for this option, changes in the fair value of these instruments may never be reclassified from equity to profit or loss. Dividends on the other hand continue to be recognized in profit or loss.

  IFRS 9 does not permit reclassifications between the two categories of financial asset except in the rare case of a change in an entity's business model. In this case the effects of the reclassification are applied prospectively.

  The disclosures required to be made in the notes have been adjusted to the classification and measurements rules introduced by IFRS 9.

  On November 19, 2013 the IASB issued an amendment to this standard which mainly regards the following:

  (i) bringing into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements;

(ii) enabling entities to change the accounting of liabilities measure at fair value: in particular the effects of a worsening of an entity's own credit risk will no longer be recognized in profit or loss;
(iii) deferring the effective date of the standard, originally January 1, 2015.

A partial amendment to the standard was issued in July 2014 on the subject of the valuation of financial instruments, with the introduction of the expected-loss impairment model for loans which replaces the impairment model based on realized losses. The amendment in question is applicable from January 1, 2018;

- IFRS 11 "Joint Arrangements": issued by the IASB in May 2014, the amendment to this standard provides guidance on how to account for the acquisition of an interest in a joint operation that is a business as defined by IFRS 3 "Business Combinations". The amendment in question is applicable from January 1, 2016. An amendment to this standard was issued on December 18, 2014 regarding the exemption from the presentation of the consolidated financial statements if the parent company has investments in "investment entities" that evaluate their subsidiaries at fair value;
- IFRS 14 "Regulatory Deferral Accounts"; the new standard, issued by the IASB in January 2014, permits an entity which is a first-time adopter of IAS/IFRS to continue to account for "regulatory deferral account balances" in accordance with its previous accounting standards. The standard is applicable from January 1, 2016;
- IFRS 15 "Revenue from Contracts with Customers": the scope of the new standard, issued by the IASB on May 28, 2014, is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. A contract with a customer falls within the scope of the standard if all the following conditions are met:
  (i) the contract has been approved by the parties to the contract, who have undertaken to carry out their respective obligations;
  (ii) each party's rights in relation to the goods and services to be transferred can be identified and the payment terms have been identified;
  (iii) the contract has commercial substance (the risks, the timing or the cash flows may change as the result of the contract);
  (iv) it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

  The new standard, which will replace IAS 18 "Revenues" and IAS 11 "Construction Contracts", is applicable from January 1, 2017;
- IAS 1 "Presentation of financial statements": issued by the IASB on December 18, 2014 and applicable from January 1, 2016, the amendment to the standard in question is intended to provide clarification on the aggregation or disaggregation of financial

statement items if the amount is significant or "material". In particular, the amended to the standard requires not proceeding with the aggregation of financial statement items with different characteristics or the disaggregation of financial statement items that make the disclosure and reading of the financial statements difficult. Furthermore, with regard to the exposure of the financial position of an entity, the amendment clarifies the need to disaggregate some items required by paragraphs 54 (Balance Sheet) and 82 (Income Statement) of IAS 1;

- Annual amendments to IFRS 2012-2014: on September 25, 2014, the IASB published a series of amendments to certain international accounting standards, applicable with effect from January 1, 2016. The amendments concern:
  (i) IFRS 5 "Non-current assets held for sale and discontinued operations";
  (ii) IFRS 7 "Financial Instruments: Disclosures";
  (iii) IAS 19 "Employee Benefits";
  (iv) IAS 34 "Interim financial reporting".

  Regarding the first point, the amendment clarifies that the restatement of the financial statement figures shall not be resort to if an asset or group of assets available for sale is reclassified as "held for distribution", or vice versa.

  With reference to IFRS 7, the amendment provides that if an entity transfers a financial asset on terms which allow the "derecognition" of the asset, it shall be required to provide information regarding the involvement of the entity in the transferred asset.

  The proposed amendment to IAS 19 clarifies that in determining the discount rate of obligations arising following the termination of employment, the currency in which the obligations are denominated is relevant rather than the State in which they arise.

  The proposed amendment to IAS 34 requires disclosure of cross-references between the data reported in the interim financial statements and the information associated with them;
- IAS 16 "Property, Plant and Machinery" and IAS 38 "Intangible Assets": the amendment to these two standards, issued by the IASB in May 2014, clarifies that the use of revenue-based methods to calculate the depreciation of a tangible asset or the amortization of an intangible asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset;
- IAS 27 (Revised) "Separated Financial Statements": the amendment to this standard, issued by the IASB on August 12, 2014 and applicable from January 1, 2016, allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements;

- IAS 28 “Investments in Associates and Joint Ventures”: on December 18, 2014, this standard was amended regarding the investments in associates and joint ventures that are “investment entities”: these investments can be measured at fair value or with the equity method. This amendment is applicable from January 1, 2016.

Accounting standards and policies

Translation of foreign currency items

Transactions in currencies other than the euro are initially recognized at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are converted into euro at the exchange rates at the balance sheet date.

Non-monetary items measured at historical cost in foreign currency are translated at the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated at the exchange rates at the date when the fair value was determined.

Tangible assets

Assets for business use are classified as tangible assets, while non-business assets are classified as investment property.

Tangible assets are measured at cost, including any additional charges directly attributable to bringing the asset into an operating condition (e.g. transport, customs duty, installation and testing costs, notary and land registry fees and any non-deductible VAT), increased when material and where there are obligations by the present value of the estimated cost of restoring the location from an environmental point of view or dismantling the asset. Borrowing costs, where directly attributable to the purchase or construction of an asset, are capitalized as part of the cost of the asset if the type of asset so warrants.

If important components of tangible assets have different useful lives, they are accounted for separately using the "component approach", assigning to each component its own useful life for the purpose of calculating depreciation (the component approach).

Land, whether occupied by residential or industrial buildings or devoid of construction, is not depreciated as it has an unlimited useful life, except for land used in production activities that is subject to deterioration over time (e.g. landfills, quarries).

Ordinary maintenance costs are fully expensed to profit or loss in the year they are incurred. Costs for maintenance carried out at regular intervals are attributed to the assets to which they refer and are depreciated over the specific residual possibility of use of such.

Assets acquired under finance leases are accounted for on the basis of IAS 17 "Leases", which requires the leased asset to be recognized as a tangible asset together with a financial liability of the same amount. The liability is progressively reduced on the basis of the scheme for the repayment of the capital portion of the contractual lease instalments, while the carrying amount of the asset is systematically depreciated over its economic and technical life or over the shorter of the lease term and the asset's useful life, but only if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term.

For assets acquired in leasing by Group companies, the guidance contained in IFRIC 4 "Determining whether an Arrangement contains a Lease" is applied. This interpretation provides guidance for arrangements which do not take the legal form of a finance lease but in substance transfer the risks and rewards of ownership of the assets included in the arrangement.

Applying the interpretation leads to the same accounting treatment as that required by IAS 17.

Tangible assets are stated net of accumulated depreciation and any impairment losses. Depreciation is charged from the year in which the individual asset enters service on a straight-line basis over the estimated useful life of the asset for the business. The estimated realizable value which is deemed to be recoverable at the end of an asset's useful life is not depreciated. The useful life of each asset is reviewed annually and any changes, if needed, are made with a view to showing the correct value of the asset. During the reporting year, the useful lives of the CCGT plants were reviewed, as described in note "1) Tangible assets".

Landfills are depreciated on the basis of the percentage filled, which is calculated as the ratio between the volume occupied at the end of the period and the total volume authorized.

The main depreciation rates used, which are based on technical and economic considerations, are as follows:

• buildings	1.0 % - 17.3 %
• production plants	1.0 % - 33.3 %
• transport lines	1.4 % - 100.0 %
• transformation stations	1.8 % - 33.3 %
• distribution networks	1.4 % - 33.3 %
• miscellaneous equipment	3.3 % - 100.0 %
• mobile phones	100.0 %
• furniture and fittings	10.0 % - 25.0 %
• electric and electronic office machines	10.0 % - 33.3 %
• vehicles	10.0 % - 25.0 %
• leasehold improvements	12.5 % - 33.3 %

Tangible assets are subjected to impairment testing if there is any indication that an asset may be impaired in accordance with the paragraph below "Impairment of assets"; impairment losses may be reversed in subsequent periods if the reasons for which they were recognized no longer apply.

When an asset is disposed of or if future economic benefits are no longer expected from using an asset, it is removed from the balance sheet and any gain or loss (being the difference between the disposal proceeds and the carrying amount) is recognized in profit or loss in the year of the derecognition.

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance which are controlled by the enterprise and able to produce future economic benefits, and include goodwill when acquired for consideration.

The fact of being identifiable distinguishes an intangible asset that has been acquired from goodwill; this requirement is normally met when: (i) the intangible asset is attributable to a legal or contractual right, or (ii) the asset is separable, in other words it can be sold, transferred, rented or exchanged individually or as an integral part of other assets.

Control by the enterprise consists of the right to enjoy the future economic benefits flowing from the asset and to restrict the access of others to those benefits.

Intangible assets are stated at purchase or production cost, including ancillary charges, determined in the same way as for tangible assets. Intangible fixed assets produced internally are not capitalized but recognized in profit or loss in the period in which the costs are incurred.

Intangible assets with a definite useful life are stated net of the related accumulated amortization and any impairment losses in the same way as for tangible assets. Changes in the expected useful life of an asset or in the ways in which the future economic benefits of an asset are obtained are recognized by suitably adjusting the period or method of amortization and treated as changes in accounting estimate. The amortization of intangible fixed assets with a definite useful life is charged to profit or loss in the cost category that reflects the function of the intangible asset concerned.

Intangible assets are subjected to impairment testing if there are specific indications that they may be impaired, in accordance with the paragraph below "Impairment of assets"; impairment losses may be reversed in subsequent periods if the reasons for which they were recognized no longer apply.

Intangible assets with an indefinite useful life and those that are not yet available for use are subjected to impairment testing on an annual basis, whether or not there are any specific indications that they may be impaired, in accordance with the paragraph below "Impairment of assets". Impairment losses recognized for goodwill are not reversed.

Gains or losses on the disposal of an intangible asset are calculated as the difference between the disposal proceeds and the carrying amount of the asset and recognized in profit or loss at the time of the disposal.

The following amortization rates are applied to intangible assets with a definite useful life:

- industrial patents and intellectual property rights ____________ 12.5 % - 33.3 %
- concessions, licenses, trademarks and similar rights ____________ 6.7 % - 33.3 %

Service concession arrangements

IFRIC 12 states that, based on the characteristics of the concession arrangement, the infrastructures used in the provision of public services under concession are to be recognized as intangible assets if the operator has the right to receive a payment from the customer for the service provided, or as a financial asset if the operator has the right to receive payment from the public sector entity.

Impairment of non-current assets

Tangible and intangible assets are subjected to impairment testing if there is any specific indication that they may be impaired.

Goodwill, other intangible assets with an indefinite useful life and assets not available for use are tested for impairment at least annually or more frequently if there is any specific indication that they may be impaired.

Impairment testing consists of comparing the carrying amount of an asset with its recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. To determine an asset's value in use, the entity calculates the present value of the estimated future cash flows on the basis of business plans prepared by management, before tax, applying a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is lower than its carrying amount, a loss is recognized in profit or loss. If a loss recognized for an asset other than goodwill no longer exists or is reduced, the carrying amount of the asset or cash-generating unit is increased to the new estimate of recoverable value, which may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset. The reversal of an impairment loss is immediately recognized in profit or loss.

When the recoverable amount of the individual asset cannot be estimated, it is based on the cash generating unit (CGU) or group of CGUs that the asset belongs to and/or to which it may be reasonably allocated.

CGUs are identified on the basis of the Group's organizational and business structure as homogeneous aggregations that generate independent cash inflows deriving from the continuous use of the assets allocated to them.

Environmental certificates: emission quotas and Green Certificates

Different accounting policies are applied to quotas or certificates held for own use in the "Industrial Portfolio" and those held for trading purposes in the "Trading Portfolio".

Surplus quotas or certificates held for own use in the "Industrial Portfolio" which are in excess of the Group's requirements in relation to the obligations accruing at year end are recognized as other intangible assets at the actual cost incurred. Quotas or certificates assigned free of charge are recognized at a zero carrying amount. Given that they are assets for instant use, they are not amortized but subjected to impairment testing. The recoverable amount is the higher of value in use and market value. If, on the other hand, there is a deficit because the requirement exceeds the quotas or certificates in portfolio at the balance sheet date, a provision is recognized for the amount needed to meet the residual obligation, estimated on the basis of any purchase contracts, spot or forward, already signed at the balance sheet date; otherwise on the basis of market prices.

Quotas or certificates held for trading in the "Trading Portfolio" are recognized in inventories and measured at the lower of purchase cost and estimated realizable value based on market trends. Quotas or certificates assigned free of charge are recognized at a zero carrying amount. Market value is established on the basis of any sales contracts, spot or forward, already signed at the balance sheet date; otherwise on the basis of market prices.

Shareholdings in subsidiaries, associates and joint ventures

Subsidiaries are those companies over which A2A S.p.A. exercises control as it "is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee", as defined by IFRS 10.

Associates are companies in which the company has a significant influence over strategic decisions, despite not having control, also considering potential voting rights, meaning voting rights deriving from convertible financial instruments; significant influence is assumed to exist when A2A S.p.A. holds, either directly or indirectly, more than 20% of voting rights exercisable at an ordinary shareholders' meeting.

A joint venture is a contractual agreement whereby two or more parties undertake an income generating activity subject to joint control.

Investments in subsidiaries, associates and joint ventures are recognized on the separate financial statements at their purchase cost less any distributions of capital or impairment losses.

Should the portion attributable to the company of any impairment losses for the shareholding exceed the carrying value of the investment, the value of the investment is set to zero, and the excess share of the loss is recognized among liabilities as a provision in the event the company in responsible for said liability.

The cost is restored in subsequent periods if the reasons for the impairment should cease to apply.

Long term construction contracts in progress

Construction contracts currently in progress are measured on the basis of the contractual fees that have accrued with reasonable certainty on the basis of the stage of completion, using the "cost to cost" method, so as to allocate the revenues and net result of the contract to the individual periods to which they belong in proportion to the progress being made on the project. Any difference, positive or negative, between the value of the contracts and advances received is recognized as an asset or a liability respectively.

In addition to the contractual fees, contract revenues include variants, price revisions and incentive awards to the extent that it is probable that they represent actual revenues that can be reliably determined. Ascertained losses are recognized independently of the stage of completion of contracts.

Inventories

Inventories of materials and fuel are measured at the lower of weighted average cost and market value at the balance sheet date. Weighted average cost is determined for the period of reference for each inventory code. Weighted average cost includes any additional costs (such as sea freight, customers charges, insurance and lay or demurrage days in the purchase of fuel). Inventories are constantly monitored and, where necessary, obsolete stocks are written down with a charge to profit or loss.

Financial instruments

Financial instruments include investments (excluding investments in subsidiaries, entities under joint control and associates) held for trading (trading investments) or available for sale, and non-current receivables and loans, trade and other receivables deriving from company operations and other current financial assets such as cash and cash equivalents. The latter consist of bank and postal deposits, readily negotiable securities used as temporary investments of surplus cash and financial receivables due within three months. Financial instruments also include financial payables (bank loans and bonds), trade payables, other payables and other financial liabilities and derivatives.

Financial assets and liabilities are recognized at the time that the contractual rights and obligations forming part of the instrument arise.

Financial assets and liabilities are accounted for in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

Financial assets are initially recognized at fair value, increased by ancillary charges (purchase/ issue costs) in the case of assets and liabilities not measured at fair value through profit or loss.

Measurement subsequent to initial recognition depends on which of the following categories the financial instrument falls into:

- non-derivative financial assets and liabilities at fair value through profit or loss regarding:
  - financial assets and liabilities held for trading (HFT), meaning with the intention of reselling or repurchasing them in the short term;
  - financial liabilities which on initial recognition have been designated as being at fair value through profit or loss;
- other non-derivative financial assets and liabilities which consist of:
  - loans and receivables (L&R);
  - investments held to maturity (HTM);
  - financial liabilities measured at amortized cost;
- available-for-sale financial assets (AFS);
- derivatives.

The following is a detailed explanation of the accounting policies applied in measuring each of the above categories after initial recognition:

- non-derivative financial assets and liabilities at fair value through profit or loss are measured at fair value;
- other non-derivative financial assets and liabilities, other than investments with fixed or determinable payments, are measured at amortized cost. Any transaction costs incurred during the acquisition or sale are treated as direct adjustments to the nominal value of the asset or liability (e.g. issue premium or discount, loan acquisition costs, etc.). Interest income and expense is then remeasured on the basis of the effective interest method. Financial assets are assessed regularly to see if there is any indication that they are impaired. In the assessment of receivables in particular, account is taken of the solvency of debtors, as well as the characteristics of credit risk which is indicative of the ability of the individual debtors to pay. Any impairment losses are recognized in profit or loss for the period. This category includes investments held with the intent and ability to hold them to maturity, non-current loans and receivables, trade receivables and other receivables originated by the operations of the business, financial payables, trade payables, other payables and other financial liabilities;
- available-for-sale financial assets are non-derivative financial assets that are not classified as financial assets at fair value through profit or loss or other financial assets, which therefore makes them a residual item. They are measured at fair value and any gains or losses generated are recognized directly in equity until the assets are written- down or realized, at which stage they are reclassified to profit or loss. Losses recognized in equity are in any case reversed and recognized in profit or loss, even if the financial asset has

not been eliminated, if there is objective evidence that the asset is impaired. Unlisted investments with a fair value that cannot be reliably measured are measured at cost less any impairment losses. Impairment losses are reversed when the reasons originating the loss no longer exist, with the exception of impairment losses on equity instruments. This category essentially includes the other investments (i.e. not subsidiaries, jointly controlled entities or associates), except for those held for trading (trading investments);

- derivative instruments including embedded derivatives separate from the main agreement are measured at current value (fair value) and any changes are recognized in profit or loss if they do not qualify as hedging instruments. Derivatives qualify as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge is high, this being checked periodically. When derivatives hedge the risk of fluctuation in the fair value of hedged items (fair value hedges), they are measured at fair value through profit or loss; consistent with this, the hedged items are adjusted to reflect variations in the fair value associated with the hedged risk. When derivatives hedge the risk of changes in the cash flows of the instruments being hedged (cash flow hedges), the effective portion of changes in the fair value of the derivatives is recognized directly in equity, while the ineffective portion is recognized in profit or loss. The amounts recognized directly in equity are then reflected in profit or loss in line with the economic effects produced by the hedged item.

Changes in the fair value of derivatives that do not meet the conditions to qualify as hedging instruments are recognized in profit or loss. In particular, changes in the fair value of derivatives which hedge interest rate risk or currency risk but do not qualify for hedge accounting are recognized in “Financial income/expense” in the income statement; on the other hand changes in the fair value of derivatives which hedge commodity risk but do not qualify for hedge accounting are recognized in “Other operating income” in the income statement.

A financial asset (or where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognized when:

- contractual rights to the cash flows from the financial asset expire; in particular, the time frame for derecognition relates to the “value date”;
- the Group has retained the right to receive the future cash flows of the assets but has assumed a contractual obligation to pass them on to a third party without material delay;
- the Group has transferred the right to receive the cash flows from the asset and (i) has transferred substantially all of the risks and rewards of ownership of the financial asset, or (ii) it has neither transferred nor retained substantially all of the risks and rewards of the asset but has transferred control of the asset.

In the cases in which the Group has transferred the rights to receive financial flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, it continues to recognize the asset to the extent of its continuing involvement in the asset. When continuing involvement takes the form of guaranteeing the transferred asset the extent of the continuing involvement is the lower of the initial carrying amount of the asset and the maximum amount that the Group could be required to repay. Trade receivables considered definitively unrecoverable after all necessary recovery procedures have been completed are also removed from the balance sheet.

A financial liability is removed from the balance sheet when the underlying obligation is either discharged or cancelled or when it expires.

Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this exchange or modification is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference in carrying amounts is recognized in profit or loss.

The fair value of financial instruments that are listed in an active market is based on market prices at the balance sheet date. The fair value of instruments that are not listed on an active market is determined by using valuation techniques. In particular, in the absence of a forward market curve the measurement at fair value of financial derivatives for electricity has been estimated internally, using models based on industry best practice.

Non-current assets held for sale, disposal groups and discontinued operations – IFRS 5

Non-current assets held for sale, disposal groups and discontinued operations whose carrying amount will be recovered principally through sale rather than continuous use are measured at the lower of their carrying amount and fair value less costs to sell. A disposal group is a group of assets to be disposed of together as a group in a single transaction together with the liabilities directly associated with those assets that will be transferred in that transaction. Discontinued operations on the other hand consist of a significant component of the Group such as a separate major line of business or a geographical area of operations or a subsidiary acquired exclusively with a view to resale.

In accordance with IFRSs, the figures for non-current assets held for sale, disposal groups and discontinued operations are shown on two specific lines in the balance sheet: non-current assets held for sale and liabilities directly associated with non-current assets held for sale.

Non-current assets held for sale are not depreciated or amortized and are measured at the lower of carrying amount and fair value less costs to sell; any difference between carrying amount and fair value less costs to sell is recognized in profit or loss as a write-down.

The net economic results arising from discontinued operations, and only discontinued operations, pending the disposal process, any gains or losses on disposal and the corresponding comparative figures for the previous year or period are recognized in a specific line of the income statement: "Net result from discontinued operations".

Employee benefits

The employees' leaving entitlement (TFR) and pension provisions are determined using actuarial methods; the rights accrued by employees during the year are recognized in the income statement as "labour costs", whereas the figurative financial cost that the company would have to bear if it were to ask the market for an loan of the same amount as the TFR is recognized as part of the "financial balance". Actuarial gains and losses arising from changes in actuarial assumptions are recognized in profit or loss taking into account the residual average working life of the employees.

Following the introduction of Finance Law no. 296 of December 27, 2006, only the portion of accrued employees' leaving entitlement that remained in the company has been measured in accordance with IAS 19, as amounts are now paid over to a separate entity as they accrue (either to a supplementary pension scheme or to funds held by INPS). As a result of these payments the company no longer has any obligations in connection with the services employees may render in the future.

Guaranteed employee benefits paid on or after the termination of employment through defined benefit plans (energy discount, health care or other benefits) or long-term benefits (loyalty bonuses) are recognized in the period when the right vests.

The liability for defined benefit plans, net of any plan assets, is determined by independent actuaries on the basis of actuarial assumptions and recognized on an accrual basis in line with the work performed to obtain the benefits.

Gains and losses arising from actuarial calculations are recognized in a specific equity reserve.

Provisions for risks, charges and liabilities for landfills

Provisions for risks and charges regard costs of a determinate nature and of certain or probable existence which at the balance sheet date are uncertain in terms of timing or amount. Provisions are recognized when there is a legal or constructive present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits, and it is possible to make a reasonable estimate of the obligation.

Provisions are recognized at the best estimate of the amount that the Group would have to pay to settle the liability or to transfer it to third parties at the balance sheet date. If the effect of discounting is significant, provisions are calculated by discounting expected future cash flows at a pre-tax discount rate that reflects the current market assessment of the time value of money. If discounting is used the increase in the provision due to the passage of time is recognized as financial expense.

If the liability relates to tangible assets (such as the dismantling and reclamation of industrial sites), the initial provision is recognized as a counter-entry to the assets to which it refers; expense is then charged to profit and loss as the asset in question is depreciated.

Treasury shares

Treasury shares are accounted for as a deduction from equity. In particular, treasury shares are recognized as a negative equity reserve.

Grants

Grants, both from public entities and from third party private entities, are measured at fair value when there is the reasonable certainty that they will be received and that the Group will be able to comply with the terms and conditions for obtaining them.

Grants received to provide support for the cost of specific assets are recognized as a direct deduction from the assets concerned and credited to profit or loss over the life of the depreciable asset to which they refer.

Revenue grants (given to provide the company with immediate financial support or as compensation for expenses or losses incurred in a previous accounting period) are recognized in their entirety in profit or loss as soon as the conditions for recognizing the grants are met.

Revenues and costs

Revenues from sales and services are recognized to the extent that it is possible to establish their fair value on a reliable basis and it is probable that the related economic benefits will flow to the Group on the transfer of all significant risks and benefits normally deriving from ownership of the asset or on completion of the service. Depending on the type of transaction, revenues are recognized on the basis of the following specific criteria:

- revenues for the sale and transport of electricity and gas are recognized at the time that the energy is supplied or the service rendered, even if invoicing has not yet taken place, and are determined by adding estimates of consumption to amounts resulting from pre-established meter-reading schedules. Where applicable these revenues are based on the tariffs and related tariff restrictions prescribed by the law in force during the year or period, and by the Electricity, Gas and Water Authority or equivalent organizations abroad;
- connection contributions paid by users, if not for costs incurred to extend the network, are recognized in profit or loss on collection and presented as "revenues from services";
- the revenues billed to users for an extension of the gas network are accounted for as a reduction in the carrying amount of tangible assets and are recognized in profit or loss as a reduction in the depreciation charged over the useful life of the cost capitalized to extend the network;
- the revenues and costs involved in withdrawing quantities that are higher or lower than the Group's share are measured at the prices envisaged in the related purchase or sale contract;
- revenues from the provision of services are recognized according to the stage of completion based on the same criteria as for contract work in progress. If it is impossible to calculate revenues on a reliable basis they are recognized up to the amount of the costs incurred providing they are expected to be recovered;
- revenues from the sale of certificates are recognized at the time of sale.

Revenues are stated net of returns, discounts, allowances and rebates, as well as directly related taxes.

Expenses relate to goods or services sold or consumed during the year or as a result of systematic allocation; if no future use is envisaged they are recognized directly in profit or loss.

Non-recurring transactions

The line item “Non-recurring transactions” consists of the gains and losses arising from the measurement at fair value less costs to sell or from the sale or disposal of non-current assets (or disposal groups) classified as held for sale within the meaning of IFRS 5, the gains or losses arising on the disposal of shareholdings in unconsolidated subsidiaries and associates and other non-operating income and expense.

Financial income and expense

Financial income is recognized when interest income arises using the effective interest method, i.e. at the rate that exactly discounts expected future cash flows over the expected life of the financial instrument.

Financial expense is recognized in profit or loss on an accrual basis on the basis of the effective interest.

Dividends

Dividend income is recognized when it is established that the shareholders have a right to receive payment, and is recognized as financial income in profit or loss.

Income taxes

Current taxes

Current income taxes are based on an estimate of taxable income in compliance with tax regulations in force or substantially approved at the balance sheet date, bearing in mind any exemptions or tax credits due. Account is also taken of the fact that the Group now files for tax on a consolidated basis.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amount of assets and liabilities in the balance sheet and their tax bases, with the exception of goodwill which is not deductible for tax purposes and any differences resulting from investments in subsidiaries which are not expected to reverse in the foreseeable future.

The tax rates used are those expected to apply to the period when the temporary differences reverse. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the tax benefit will be realized. The measurement of deferred tax assets takes account of the period for which business plans are available.

When transactions are recognized directly in equity, any related current or deferred tax effects are also recognized directly in equity. Deferred taxes on the undistributed profits of Group companies are only provided for if there is the real intention to distribute such profits and, in any case, if the taxation is not offset as the result of filing a Group tax return.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Taxes are only offset when they are levied by the same tax authority, when there is the legal right of set-off and when settlement of the net balance is expected.

It is noted that due to Sentence no. 10/2015 of the Constitutional Court, which declared the unconstitutionality of the Robin Hood Tax from the year 2015, the company has taken steps to adjust the deferred tax assets and liabilities.

Use of estimates

Preparing the financial statements and notes requires the use of estimates and assumptions in determining certain assets and liabilities and measuring contingent assets and liabilities. The actual results after the event could differ from such estimates.

Estimates have been used for making assessments for impairment testing, for calculating certain sales revenues, provisions for risks and charges, provisions for receivables and other provisions, depreciation and amortization and for measuring derivatives, employee benefits and taxation. The underlying estimates and assumptions are regularly reviewed and the effect of any change is immediately recognized in profit or loss.

The following are the key assumptions made by management as part of the process of making these accounting estimates. The inherently critical element of such estimates comes from using assumptions or professional opinions on matters that are by their very nature uncertain. Changes in the conditions underlying the assumptions and opinions used could have a material impact on subsequent results.

Impairment testing

The carrying amount of non-current assets (including goodwill and other intangible assets) and of assets held for sale is reviewed periodically and whenever circumstances or events require a more frequent assessment. If it is considered that the carrying amount of a group of non-current assets is impaired, the group is written down to its recoverable amount which is estimated with reference to its use or future disposal, depending on the Group's latest plans. Management is of the opinion that the estimates of such recoverable amounts are reasonable, although possible changes in the factors underlying the estimates on which these recoverable amounts have been calculated could produce different measurements. For further details on the way in which impairment testing was carried out and the results of such testing, reference should be made to the specific paragraph below.

Revenue recognition

Revenues from sales to retail and wholesale customers are recognized on an accrual basis. Revenues from sales of electricity and gas to customers are recognized when the supply takes place, based on periodic meter readings; they also include an estimate of the usage of electricity and gas from the date of the last reading to the balance sheet date. Revenues from the date of the last reading to the balance sheet date are based on estimates of customers' daily usage, according to their historical profile, and are adjusted to reflect weather conditions or other factors that may affect the usage being estimated.

Provisions for risks and charges

In certain circumstances it is not easy to identify whether a legal or constructive present obligation exists. The directors assess these situations case by case, together with an estimate of the economic resources required to settle the obligation. Estimating such provisions is the result of a complex process that involves subjective judgments on the part of company management. When the directors are of the opinion that it is only possible that a liability could arise, the risks are disclosed in the section on commitments and contingent liabilities without making any provision.

Liabilities for landfills

The provision liabilities for landfills represents the amount set aside to meet the costs which will be incurred for the management of the period of closure and post-closure of landfills currently in use. The future outlays, calculated for each landfill by a specific appraisal, were discounted in accordance with the provisions of IAS 37.

Bad debts provision

The provision for bad debts reflects the estimated losses in the Group's receivables portfolio. Provisions have been made to cover specific cases of insolvency as well as estimated losses expected on the basis of past experience with balances of similar credit risk.

Although the provision is considered adequate, the use of different assumptions or changes in prevailing economic conditions, even more so in this period of recession, could give rise to adjustments to the bad debts provision.

Depreciation and amortization

Depreciation and amortization charges are a significant cost for the Group. Non-current assets are depreciated or amortized on a straight-line basis over the useful lives of the assets. The useful life of the Group's non-current assets is established by the directors, with the assistance of expert appraisers, when they are purchased. The Group periodically reviews technological and sector changes, dismantling/closure charges and the recovery amount of assets to update their residual useful lives. This periodic update could lead to a change in the period of depreciation or amortization and hence also in the depreciation or amortization charge in future years.

Measurement of derivative instruments

The derivatives used by the Group are measured at fair value based on the forward market curve at the balance sheet date, if the underlying of the derivative is traded on markets that provide official, liquid forward prices. If the market does not provide forward prices, forecast price curves are used based on simulation models developed by Group companies internally. However the actual results of derivatives could differ from the measurements made.

The serious turbulence on markets for the energy commodities traded by the Group, as well the fluctuations in exchange and interest rates, could lead to greater volatility in cash flows and in expected results.

Employee benefits

The calculations of expenses and the related liabilities are based on actuarial assumptions. The full effects of any changes in these actuarial assumptions are recognized in a specific equity reserve.

Business combinations

Accounting for business combinations entails allocating the difference between purchase cost and net carrying amount to the assets and liabilities of the acquired business. For the majority of assets and liabilities this difference is allocated by recognizing the assets and liabilities at fair value. If positive, the unallocated portion is recognized as goodwill. If negative, it is recognized in profit or loss. The A2A S.p.A. bases its allocations on available information and, for the more significant business combinations, on external appraisals.

Current taxes and future recovery of deferred tax assets

The uncertainties that exist regarding the way of applying certain tax regulations have led the Group to taking an interpretative stance when providing for current taxes in the financial statements; such interpretations could be overturned by official clarifications on the part of the tax authorities.

Deferred tax assets are accounted for on the basis of the taxable profit expected to be available in future years. Assessing the expected taxable profit for the purpose of accounting for deferred taxation depends on factors that can vary over time, and may lead to significant effects on the measurement of deferred tax assets.

Notes to the balance sheet

Changes with respect to December 31, 2014

During the fiscal year, the following extraordinary transaction has taken effect:

- acquisition of the business unit "Administrative, technical and management corporate/staff services as well as regarding the management of the remote and programming service of input and availability of hydroelectric plants" from the subsidiary Edipower S.p.A., effective January 1, 2014.

ASSETS

Non-current assets

1) Tangible assets

Thousands of euro	Balance at 12 31 2013	Changes during the year					Balance at 12 31 2014
		Invest.	Other changes	Disposals net of provision	Deprec. and write-downs	Total changes	
Land	29,829	56			(250)	(194)	**29,635**
Buildings	286,714	977	1,207		(13,605)	(11,421)	**275,293**
Plant and machinery	1,033,518	3,899	1,510	(2)	(91,697)	(86,290)	**947,228**
Industrial and commercial equipment	1,561	355	15		(382)	(12)	**1,549**
Other assets	2,883	176		(3)	(707)	(534)	**2,349**
Construction in progress and advances	10,696	19,586	(3,152)		(461)	15,973	**26,669**
Leasehold improvements	27	20,609	1		(578)	20,032	**20,059**
Total tangible assets	**1,365,228**	**45,658**	**(419)**	**(5)**	**(107,680)**	**(62,446)**	**1,302,782**
of which:							
Historical cost	3,369,748	45,658	(419)	(986)		44,253	**3,414,001**
Accumulated depreciation	(1,892,662)			981	(80,477)	(79,496)	**(1,972,158)**
Write-downs	(111,858)				(27,203)	(27,203)	**(139,061)**

As at December 31, 2014, “Tangible assets” amounted to 1,302,782 thousand euro (1,365,228 thousand euro as of the previous fiscal year).

“Tangible assets” presented a net decrease of 62,446 thousand euro resulting from the following:

- investments for 45,658 thousand euro;
- other negative changes amounting to 419 thousand euro;
- disposals of assets, net of the relevant accumulated depreciation, for 5 thousand euro;
- write-downs of 27,203 thousand euro regarding the depreciation of certain thermoelectric plants as a consequence of results obtained from impairment testing performed by an independent external entity appointed by the Group; such write-downs have been made to adjust the carrying amount of the assets to the lower earnings prospects deriving from a market in structural production overcapacity. Further details of the work carried out for the impairment test can be found in the Consolidated annual report (note 2).
- depreciation for the year for 80,477 thousand euro.

Review useful life CCGT plants

The profound changes that occurred in the composition of the national generation grid with the gradual entry of significant production capacity from renewable sources with dispatching priorities and trends in demand and prices recorded in recent years have strongly influenced the regimes of use of combined cycle plants with a consequent reduction in hours of operation and load factors of the plants. Considering that the nature of the changes in the industry are, at least in part, to be considered structural, it was considered necessary to carry out a review of the useful lives of the CCGT plants. The CCGT power plants of A2A S.p.A. involved in the analysis are Cassano d'Adda and Ponti sul Mincio.

The review process included a technical analysis, with the support of the engineering of A2A.

In addition and complement to the analysis of the technical life, it was necessary to consider the possibility that plants can operate cost-effectively and thus as long as the theoretical technical life can be considered economically compatible: the assessment was therefore focused on the income prospects of the CCGT plants by determining the time frame in which it is reasonable to believe that such plants will be "economically" dispatchable.

To this end, the company has resorted to the support of an independent third-party expert.

The redefinition of the remaining useful life exerts its effects in the 2014 financial statements, in terms of the change in the depreciation plan as of July 1, 2014, with the subsequent recalculation of depreciation in 2014 from the same date and the related carrying amounts at December 31, 2014. These values are subsequently tested as part of the impairment process because the scenario outlined is also an impairment indicator in accordance with IAS 36.

The following table for each generation group analyzed shows the previous useful life, the reviewed useful life and the effect of the revision of said estimate on the Income statement for the year in terms of lower depreciation:

Plant	Previous useful life	Reviewed useful life	Amortization 2nd half-year previous useful life	Amortization 2nd half-year reviewed useful life	Delta
Cassano 2	12/31/2030	12/31/2036	6,056	3,986	(2,070)
Ponti sul Mincio	12/31/2019	12/31/2042	2,391	448	(1,943)
Total			**8,447**	**4,434**	**(4,013)**

It is also specified that the plant components which have a lower useful life compared to the new lives identified for individual power plants continue to be depreciated based on lower useful lives.

The expected reduction effect of depreciation in the 2015 financial statements, compared to as already incorporated in the 2014 financial statements due to the revision of the useful lives described above, will be around 3,981 thousand euro.

For a detailed analysis of changes in the year, reference shall be made to annex "1 Statement of changes in tangible assets".

Investments were made during the fiscal year as follows:

- "Land" for 56 thousand euro related to the Calabria complex;
- "Buildings" for a total amount of 977 thousand euro. More specifically, these include 206 thousand euro in works on the buildings in Monfalcone; 519 thousand euro in works on buildings in piazza Trento, via Orobia, via Caracciolo, piazza Po, Canavese and on the warehouse of via Gonin in Milan, as well as investments on the buildings in Cassano d'Adda and Grosio; 121 thousand euro in works on the building in via della Signora in Milan; 113 thousand euro in works on the offices of via Lamarmora in Brescia; 8 thousand euro in works on the buildings in Via Suardi in Bergamo; 10 thousand euro in works on the buildings of Vobarno;
- "Plant and machinery" for an amount of 3,899 thousand euro. In particular, 2,880 relate to works in the power plant of Monfalcone; 487 thousand euro to the power plants of Timpagrande, Orichella, Satriano and Calusia, and water intake structures in Cardinale in Calabria; 353 thousand euro to the power plants of Grosio, Lovero and Premadio; 83 thousand euro to the power plants of Cassano d'Adda and Mincio, and finally 96 thousand euro for telematic wiring and cable line transformation in Valtellina and conduits of Bergamo;
- "Industrial and commercial equipment" for an amount of 355 thousand euro;
- "Other assets" relating to furniture, furnishings, technological equipment, motor vehicles and assets of a value inferior to 516 euro, totalling the amount of 176 thousand euro;
- "Construction in progress and advances" for an amount of 19,586 thousand euro;
- "Leasehold improvements" for 20,609 thousand euro for the replacement of the lamps of public lighting in Milan with new LED technology light sources.

Tangible assets include "Construction in progress and advances" totalling 26,669 thousand euro (10,696 thousand euro as at December 31, 2013), presenting an increase of 15,973 thousand euro resulting from the effects of the following:

- the increase of 19,586 thousand euro refers to: 1,247 thousand euro for works on buildings (mainly at the main office in Monfalcone, the location in Via Lamarmora in Brescia and the power plant in Cassano); 18,177 thousand euro for works on the power plant in Monfalcone (7,696 thousand euro), on the hydroelectric plants in Calabria (8,232 thousand euro), on the plants in Lovero, Grosio, Grosotto, Braulio, Premadio and Stazzona (1,036 thousand euro), on the power plant in Cassano d'Adda (867 thousand euro), on the power plant in Mincio (56 thousand euro); works on the data, electronic and telephone networks in Valtellina (290 thousand euro); 162 thousand euro for other assets;

- the decrease resulting from the entry of assets into service, amounting to 3,189 thousand euro, including: 1,223 thousand euro for the completion of the works related to the buildings in Brescia, Cassano D'Adda, Mincio Power Plant, Monfalcone Power Plant and offices in Vobarno and Pontevico; 1,966 thousand euro for works related to the production plants (of which 1,724 thousand euro for the hydroelectric plants of Calabria, 140 thousand euro for the Cassano d'Adda Power Plant, 99 thousand euro for the Grosio power plant and 3 thousand euro for the Mincio Power Plant);
- the decrease of 461 thousand euro due to write-downs in the year;
- the increase of 37 thousand euro for advances.

2) Intangible assets

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year					Balance at 12 31 2014
			Invest.	Other changes	Write-downs	Amort.	Total changes	
Industrial patents and intellectual property rights	6,566		1,900	1,070		(3,981)	(1,011)	**5,555**
Concessions, licences, trademarks and similar rights	2,607		2,294	6,561		(1,752)	7,103	**9,710**
Goodwill	39,612	955			(2,132)		(2,132)	**38,435**
Assets in progress	5,064		3,091	(7,682)			(4,591)	**473**
Other intangible assets	234					(50)	(50)	**184**
Total intangible assets	**54,083**	**955**	**7,285**	**(51)**	**(2,132)**	**(5,783)**	**(681)**	**54,357**

"Intangible assets" amounted to 54,357 thousand euro (54,083 thousand euro as at December 31, 2013). In applying IFRIC 12, from 2010 intangible assets also include assets in concession.

The net increase of 274 thousand euro was due to the combined effects of the following:

- goodwill for acquisition business unit from Edipower S.p.A. for 955 thousand euro;
- investments for 7,285 thousand euro;
- negative changes for 51 thousand euro;
- write-downs for 2,132 thousand euro;
- amortization for the year of 5,783 thousand euro.

More specifically, investments made during the fiscal year refer to the following:

- 1,900 thousand euro for industrial patents and intellectual property rights mainly concerning the implementation of information technology and computer systems;
- 2,294 thousand euro for concessions, licences, trademarks and similar rights related to the purchase of software;
- 3,091 thousand euro for intangible assets under construction.

Included in the total balance of "Intangible assets" are "Assets in progress" which amounted to 473 thousand euro (5,064 thousand euro as at December 31, 2013), resulting in a decrease of 4,591 thousand euro due to the combined effect of the following:

- the increase of 3,091 thousand euro mainly relating to the implementation of information systems;
- the decrease of 7,645 thousand euro due to the transition to use of software and computer applications;
- the decrease of 37 thousand euro;

For more in-depth information, refer to annex "2. Statement of changes in intangible assets".

Goodwill

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year						Balance at 12 31 2014
			Invest.	Other changes	Reclassifi-cations	Disp./Write-downs	Amort.	Total changes	
Goodwill	39,612	955				(2,132)		(2,132)	38,435
Total goodwill	**39,612**	**955**	**-**	**-**	**-**	**(2,132)**	**-**	**(2,132)**	**38,435**

Under IAS 36 goodwill, an intangible asset with an indefinite useful life, is not amortized systematically but tested at least once a year ("impairment test"). As goodwill neither generates independent cash flow nor can it be sold separately, IAS 36 calls for a secondary audit of its recoverable amount, determining cash flows generated by a set of assets that constitute the business to which it belongs, i.e. the cash generating unit (CGU).

The value entered in the separate financial statements is a portion of the amount recorded within the consolidated financial statements, totalling 37,480 thousand euro as a result of extraordinary transactions with third parties. Therefore, the method used for identifying cash generating units, allocating goodwill and determining recoverable amounts is consistent with that which has been adopted within the consolidated financial statements, to which reference is made for further information (note 2).

As at December 31, 2014, impairment tests have determined losses in value as regards the goodwill balance of 2,132 thousand euro resulting from extraordinary transactions made with Group entities.

Acquisition of the business unit "Administrative, technical and management corporate/staff services as well as regarding the management of the remote and programming service of input and availability of hydroelectric plants" from the subsidiary Edipower S.p.A., led to the recognition of goodwill amounting to 955 thousand euro.

3) Shareholdings and other non-current financial assets

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2014	*of which included in the NFP*	
					12 31 2013	*12 31 2014*
Shareholdings in subsidiaries	3,934,526	-	90,970	4,025,496	-	-
Shareholdings in affiliates	157,440	-	(101,291)	56,149	-	-
Other non-current financial assets	668,533	-	(262,191)	406,342	664,491	402,171
Total shareholdings and other non-current financial assets	**4,760,499**	**-**	**(272,512)**	**4,487,987**	**664,491**	**402,171**

Shareholdings in subsidiaries

"Shareholdings in subsidiaries" amounted to 4,025,496 thousand euro (3,934,526 thousand euro as at December 31, 2013).

The changes occurred during the year are shown in the table below:

Shareholdings in subsidiaries - *Thousands of euro*	**Total**
Balance at December 31, 2013	**3,934,526**
Changes during the year:	
- effect of non-recurring transactions	-
- acquisitions and capital increases	91,840
- disposals and decreases	-
- appreciation	-
- write-downs	(870)
- reclassifications	-
Total changes for the year	**90,970**
Balance at December 31, 2014	**4,025,496**

At year-end, the value of shareholdings in subsidiary companies presented an increase of 90,970 thousand euro with respect to the close of the previous fiscal year and is attributed as follows:

- for 91,840 thousand euro, the increase resulting from the effect of the completion of the exchange agreement on September 3, 2014 between A2A S.p.A. and Dolomiti Energia S.p.A. was finalized during the period by which the Edipower shares owned by Dolomiti Energia were transferred to A2A S.p.A. in exchange for the Dolomiti Energia shares held by A2A S.p.A., as discussed further in the section “Consolidation policies and procedures” in the consolidated Financial Statements file. Following this transaction, the percentage of shares of A2A S.p.A. in Edipower S.p.A. amounted to 79.5%;
- 870 thousand euro for the write-down of investments in Assoenergia S.p.A. in liquidation and Ecofert S.r.l. in liquidation.

Please be informed that on July 17, 2014, the capital increase was approved of the company EPCG related to the conversion of tax debt of the company; as a result of this resolution 5,883,737 shares were issued in favor of the State of Montenegro at a par value of 7.6482 €/share for a total value of approximately 45 million euro as payment of past tax obligations; consequently the shareholding structure of EPCG was slightly modified and the percentage shareholding of A2A S.p.A. is equal to 41.75%, with no change in the management rights for A2A S.p.A. on the company as defined by the Agreements signed in 2009.

Further information regarding movements involving shareholdings in subsidiary companies may be found within annexes 3a and 4a to compare their book value and corresponding portions of net assets.

Shareholdings in affiliates and joint ventures

“Shareholdings in affiliates and joint ventures” amounted to 56,149 thousand euro (157,440 thousand euro as at December 31, 2013).

The changes in the year are shown below:

Shareholdings in affiliates and joint ventures - *Thousands of euro*	**Total**
Balance at December 31, 2013	**157,440**
Changes during the year:	
- effect of non-recurring transactions	-
- acquisitions and capital increases	-
- disposals and decreases	(51,000)
- appreciation	-
- write-downs	(50,291)
- reclassifications	-
Total changes for the year	**(101,291)**
Balance at December 31, 2014	**56,149**

As at December 31, 2014, the value of shareholdings in affiliates and joint ventures presented a decrease of 101,291 thousand euro with respect to the close of the previous fiscal year and is attributed as follows:

- for 51,000 thousand euro, the effects of the completion of the exchange agreement on September 3, 2014 between A2A S.p.A. and Dolomiti Energia S.p.A. was finalized during the period by which the Edipower shares owned by Dolomiti Energia were transferred to A2A S.p.A. in exchange for the Dolomiti Energia shares held by A2A S.p.A., as discussed further in the section "Consolidation policies and procedures" of the consolidated Financial Statements;
- for 50,291 thousand euro a decrease related to the write-down of the investment in Ergosud S.p.A. following the results of the specific impairment testing performed by an external expert on the shareholding attributable to the Electricity Cash Generating Unit.

Further details regarding shareholdings in affiliates may be found in annexes 3b and 4b.

Impairment of shareholdings in subsidiaries, associates and joint ventures

The recoverable value of shareholdings has been measured based on the present value of the corresponding expected net cash flows attributable to the shareholdings of A2A S.p.A.. The cash flows used are in line with those used for the impairment test of the Energy CGU for the consolidated financial statements. The same is true for the approach followed and the discount rates used. For more information, see the consolidated annual report (note 2).

Shown below are the carrying values of the individual shareholdings subject to impairment test carried out by an external appraiser along with a specification of the type and discount rate applied. It shall be recalled that the impairment test is carried out for all investments which have a carrying value significantly higher than the corresponding fraction of shareholders' equity of competence and/or in the presence of specific impairment indicators.

Shareholdings *Millions of euro*	Pre-impairment test values at 12 31 2014	Recoverable amount (value in use) at 12 31 2014	Write-down	WACC
Ergosud S.p.A.	50.3	-	(50.3)	6.6%
Edipower S.p.A.	854.6	857.8	-	6.6%

Shareholdings *Millions of euro*	Pre-impairment test values at 12 31 2013	Recoverable amount (value in use) at 12 31 2013	Write-down	WACC 2014-2021	WACC over 2021
Edipower S.p.A.	766.9	762.7	(4.2)	6.7%	6.9%
Abruzzoenergia S.p.A.	141.5	99.0	(42.5)	6.7%	6.9%
Ergosud S.p.A.	74.4	50.3	(24.1)	6.7%	6.9%

In relation to other investments not included in Energy CGUs, A2A S.p.A. has performed impairment tests, as summarized in the following table, which did not reveal the need for any write-down.

Shareholdings *Millions of euro*	**Pre-impairment test values at 12 31 2014**	**Recoverable amount (value in use) at 12 31 2014**	**WACC**
Aspem S.p.A.	26.5	35.0	4.7% - 5.5% - 7.1%*
A2A Ciclo Idrico S.p.A.	167.0	238.0	7.1%
EPCG	376.0	402.0	8.7%
Rudnik Uglja Ad Plejvlja	19.1	20.0	8.7%

(*) The values entered refer respectively to the three sectors in which the company operates (gas networks-environment-water).

Shareholdings *Millions of euro*	**Pre-impairment test values at 12 31 2013**	**Recoverable amount (value in use) at 12 31 2013**	**WACC**
Aspem S.p.A.	26.5	38.0	5.5% - 7.8% - 8.0%*
A2A Ciclo Idrico S.p.A.	167.0	172.0	7.8%
EPCG	376.0	404.0	9.7% - 14.8%**
Rudnik Uglja Ad Plejvlja	19.1	20.0	9.7%

(*) The values entered refer respectively to the three sectors in which the company operates (gas networks-environment-water).
(**) WACC 9.7% for continuing operations and WACC 14.8% for trading activities.

As more fully described in note “18) Provisions for risks, charges and liabilities for landfills”, the company has allocated a fund to cover losses of the subsidiary A2A Trading S.r.l. pursuant to art. 2482 bis and ter of the Civil Code.

Other non-current financial assets

“Other non-current financial assets” amounted to 406,342 thousand euro (668,533 thousand euro as at December 31, 2013), of which:

- financial assets represented by government bonds held to maturity, for an amount totalling 96 thousand euro (93 thousand euro as of the previous fiscal year);
- financial assets with related parties in the amount of 402,075 thousand euro (664,398 thousand euro at December 31, 2013). This item refers both to financial receivables from subsidiaries, primarily attributable to Edipower S.p.A. (398,000 thousand euro), for an interest-bearing loan on December 31, 2013, and expiring on December 31, 2017, and to Seasm S.r.l. (1,043 thousand euro), as well as receivables from the Municipality of Brescia (3,032 thousand euro) in application of IFRIC 12;
- financial assets held for sale amounted to 4,171 thousand euro (4,042 thousand euro at December 31, 2013) and increased by 129 thousand euro.

4) Deferred tax assets

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2014
Deferred tax assets	**28,053**	**-**	**6,755**	**34,808**

This item, which includes the net effect of deferred tax liabilities and deferred tax assets as per corporate income tax and regional tax as well as provisions made solely for tax purposes, resulted in a net asset of 34,808 thousand euro. The recoverability of "Deferred tax assets" recorded in the financial statements is considered likely, as the future plans envisage future taxable income sufficient to use the deferred tax assets.

It is noted that due to Sentence no. 10/2015 of the Constitutional Court, which declared the unconstitutionality of the Robin Hood Tax from the year 2015, the company has taken steps to adjust the deferred tax assets and liabilities for a total of 2,126 thousand euro.

Deferred tax assets and liabilities at December 31, 2014 are stated net after offsetting in accordance with IAS 12.

This item is detailed within the table below:

Thousands of euro	Balance at 12 31 2014	Balance at 12 31 2013
Measurement differences for tangible assets	95,450	128,799
Application of the leasing standard (IAS 17)	6,235	7,655
Measurement differences for intangible assets	6,455	8,184
Employee leaving entitlement (TFR)	509	629
Other deferred taxes	5,574	6,820
Deferred tax liabilities (A)	**114,223**	**152,087**
Unused tax losses	-	112
Taxed provisions	48,885	66,371
Asset amortization and depreciation	37,375	40,715
Application of financial instruments (IAS 39)	412	509
Bad debt provision	1,889	2,335
Grants	2,908	3,535
Goodwill	39,696	52,308
Other deferred tax assets	17,866	14,255
Deferred tax assets (B)	**149,031**	**180,140**
Net deferred tax assets (B-A)	**34,808**	**28,053**

Company forecasts confirm the recoverability of receivables by the future realization of adequate positive results.

For further details and information, please refer to the item "Income/expenses for income tax" on the income statement.

5) Other non-current assets

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2014	*of which included in the NFP*	
					12 31 2013	*12 31 2014*
Non-current derivatives	43,471	-	(8,995)	34,476	43,471	34,476
Other non-current assets	544	-	(92)	452		
Total other non-current assets	**44,015**	**-**	**(9,087)**	**34,928**	**43,471**	**34,476**

“Other non-current assets” amounted to 34,928 thousand euro (44,015 thousand euro as at December 31, 2013), presenting a decrease of 9,087 thousand euro, and consist of the following:

- 34,476 thousand euro relative to current derivatives, consisting mainly of interest rate swap contracts hedging the risk of adverse change in interest rates on bonds and long- term loans. The decrease in this item of 8,995 thousand euro with respect to the previous fiscal year was mainly due to measurement at fair value;
- 452 thousand euro for other non-current assets related to other receivables (544 thousand euro at December 31, 2013).

Current assets

6) Inventories

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2014
Inventories	**5,634**	**-**	**(107)**	**5,527**

As at December 31, 2014, inventories amounted to 5,527 thousand euro (5,634 thousand euro as at December 31, 2013), resulting in a positive change of 107 thousand euro. This items includes inventories of materials amounting to 5,441 thousand euro, net of relative provisions for obsolescence, as well as fuel for 86 thousand euro.

7) Trade receivables

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2014
Trade receivables	170,751	-	53,383	224,134
Bad debt provision	(5,865)	-	1,190	(4,675)
Total trade receivables	**164,886**	**-**	**54,573**	**219,459**

At December 31, 2014, trade receivables amounted to 219,459 thousand euro (164,886 thousand euro at December 31, 2013) and increased by 54,573 thousand euro, related to:

- 63,332 thousand euro, an increase in receivables from subsidiaries, parent companies and associated companies;
- 8,759 thousand euro, a decrease in accounts receivable.

As of the balance sheet date, the bad debt provision amounted to 4,675 thousand euro, a decrease of 1,190 thousand euro. This provision is considered adequate to cover the risks to which it relates.

The changes in the provisions to adjust the value of receivables for the sale of electricity and the provision of services are detailed in the following table:

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Accruals	Utilizations	Other changes	Balance at 12 31 2014
Bad debt provision	**5,865**	**-**	**(228)**	**(962)**	**-**	**4,675**

8) Other current assets

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2014	*of which included in the NFP*	
					12 31 2013	*12 31 2014*
Current derivatives	-	-	-	-		
Other current assets	122,846	10	(80,992)	41,864		
Total other current assets	**122,846**	**10**	**(80,992)**	**41,864**	**-**	**-**

"Other current assets" presented a balance of 41,864 thousand euro (122,846 thousand euro as at December 31, 2013), a decrease of 80,982 thousand euro with respect to the previous year.

This item relates to receivables for tax consolidation from subsidiaries, totalling an amount of 32,142 thousand euro; to VAT credits and other tax credits in the amount of 1,234 thousand euro, to advances to suppliers in the amount of 281 thousand euro, and to other receivables in the amount of 8,207 thousand euro.

9) Current financial assets

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2014	*of which included in the NFP*	
					12 31 2013	*12 31 2014*
Financial assets due from related parties	872,983	-	(142,714)	730,269	*872,983*	*730,269*
Total current financial assets	**872,983**	**-**	**(142,714)**	**730,269**	***872,983***	***730,269***

"Current financial assets" amounted to 730,269 thousand euro and are as follows:

- 730,018 thousand euro in receivables from subsidiaries for the balance of intragroup accounts. It must be noted that interest rates applied to intragroup accounts are based on three-month Euribor plus a spread;
- 251 thousand euro in loans receivable from associated companies.

The decrease amounted to 142,714 thousand euro and refers to lower receivables accrued on the current account held with the subsidiaries.

10) Current tax assets

Thousands of euro	**Balance at 12 31 2013**	**Effect of non-recurring transactions**	**Changes during the year**	**Balance at 12 31 2014**
Current tax assets	**46,657**	**-**	**5,298**	**51,955**

As at December 31, 2014, this item amounted to 51,955 thousand euro (46,657 thousand euro as at December 31, 2013) and refers to the credits IRES, IRAP and Robin Tax for the year.

11) Cash and cash equivalents

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2014	*of which included in the NFP*	
					12 31 2013	*12 31 2014*
Cash and cash equivalents	186,892	4,479	219,130	410,501	*186,892*	*410,501*

As at December 31, 2014, "Cash and cash equivalents" amounted to 410,501 thousand euro (186,892 thousand euro as at December 31, 2013), representing an increase of 219,130 thousand euro, net of the effect of extraordinary transactions for 4,479 thousand euro, with respect to the close of the previous year. Bank deposits include accrued interest not yet credited by the end of the year.

EQUITY AND LIABILITIES

Equity

Equity, which as of December 31, 2014, amounted to 2,324,748 thousand euro (2,448,016 thousand euro as of December 31, 2013), is set forth within the following table:

Thousands of euro **Equity**	**Balance at 12 31 2013**	**Effect of non-recurring transactions**	**Changes during the year**	**Balance at 12 31 2014**
Share capital	1,629,111			**1,629,111**
(Treasury shares)	(60,891)			**(60,891)**
Reserves	874,376		(126,106)	**748,270**
Net income	5,420		2,838	**8,258**
Total equity	**2,448,016**	**-**	**(123,268)**	**2,324,748**

12) Share capital

As of December 31, 2014, the "Share capital" amounted to 1,629,111 thousand euro and is comprised of 3,132,905,277 ordinary shares with a unitary value of 0.52 euro each.

13) Treasury shares

As of December 31, 2014, the "Treasury shares" amounted to 60,891 thousand euro (unchanged with respect to December 31, 2013) and consist of 26,917,609 own shares held by the company.

14) Reserves

Thousands of euro	Balance at 12 31 2013	Changes during the year	Balance at 12 31 2014
Reserves	**874,376**	**(126,106)**	**748,270**
of which:			
Changes in the fair value of cash flow hedge derivatives	(30,931)	(19,720)	**(50,651)**
Tax effect	7,615	3,967	**11,582**
Cash flow hedge reserve	**(23,316)**	**(15,753)**	**(39,069)**
Change in the IAS 19 Revised reserve - Employee benefits	(20,117)	(15,548)	**(35,665)**
Tax effect	6,784	2,272	**9,056**
IAS 19 Revised reserve - Employee benefits	**(13,333)**	**(13,276)**	**(26,609)**
Changes in Available for sale	**(608)**	**-**	**(608)**

"Reserves", which at December 31, 2014 amounted to 748,270 thousand euro (874,376 thousand euro at December 31, 2013), decreased by 126,106 thousand euro mainly due to the distribution of the dividend.

This item includes the following unavailable reserves:

- for 119,828 thousand euro, the reserve arising from the corporate separation occurred in 1999. Such reserve shall be available for distribution in function of the amortization carried out by the receiving company on the higher values determining capital gains from contribution;
- 39,069 thousand euro for the negative cash flow hedge reserve including the fair value of hedging derivatives, net of tax;
- for 26,609 thousand euro, the negative reserve arising from the adoption of IAS 19 Revised - Employee benefits which requires actuarial profits and losses to be recognized directly in an equity reserve, net of the tax effect;
- 608 thousand euro for the negative available-for-sale reserve including the fair value of certain available-for-sale shares;
- 186,055 thousand euro, as legal reserve.

15) Net result of the year

Net profits were positive, amounting to 8,258 thousand euro and including the results for the fiscal year under review.

It shall be noted that the total value adjustments and provisions made as per article 109, paragraph 4 lett. B of the Consolidated Tax Act amounted to 145,975 thousand euro, net of deferred tax relating to amounts deducted.

It shall be noted that during 2014, dividends amounting to 102,498 thousand euro corresponding to 0.033 euro per share were distributed, as approved by the shareholders' meeting on June 13, 2014.

LIABILITIES

Non-current liabilities

16) Non-current financial liabilities

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2014	*of which included in the NFP* 12 31 2013	*of which included in the NFP* 12 31 2014
Non-convertible bonds	2,966,757		21,764	2,988,521	2,966,757	2,988,521
Due to banks	857,581		(38,440)	819,141	857,581	819,141
Total non-current financial liabilities	**3,824,338**	**-**	**(16,676)**	**3,807,662**	**3,824,338**	**3,807,662**

”Non-current financial liabilities” amounted to 3,807,662 thousand euro (3,824,338 thousand euro at December 31, 2013), reflecting a decrease of 16,676 thousand euro.

“Non-convertible bonds” regard the following:

- a thirty-year bond in yen issued on August 10, 2006 bearing interest at a fixed rate of 5.405% and having a carrying amount, measured at amortized cost, of 97,562 thousand euro;
- a seven-year bond issued on November 2, 2009, bearing interest at a nominal fixed rate of 4.50% and having a carrying amount of 804,361 thousand euro. It has been partially redeemed as a result of the early repurchase of 238,409 thousand euro carried out on July 11, 2013. The nominal value of this bond is currently 761,591 thousand euro. The accompanying derivative has been accounted for as a fair value hedge and accordingly the bond is measured at amortized cost adjusted for the change in fair value of risk hedged by the underlying derivative;
- a seven-year bond having a nominal value of 745,257 thousand euro issued on November 28, 2012, bearing interest at a nominal fixed rate of 4.50% and having a carrying amount, measured at amortized cost, of 750,000 thousand euro;
- a seven-year bond having a nominal value of 494,842 thousand euro issued on July 10, 2013, bearing interest at a nominal fixed rate of 4.375% and having a carrying amount, measured at amortized cost, of 500,000 thousand euro;
- a ten-year bond having a nominal value of 300,000 thousand euro issued though a private placement on December 4, 2013 bearing interest at a nominal fixed rate of 4.00% and having a carrying amount, measured at amortized cost, of 298,733 thousand euro;
- a bond with a term of eight years and one month having a nominal value of 500,000 thousand euro issued on December 13, 2013 bearing interest at a nominal fixed rate of 3.625% and having a carrying amount, measured at amortized cost, of 496,002 thousand euro.

The year-end measurement of the non-convertible bonds at fair value and amortized cost led to a decrease of 7,212 thousand euro in “Non-current financial liabilities”.

Interest of 51,764 thousand euro had accrued on the bonds at December 31, 2014.

Non-current amounts “Due to banks” decreased by 38,440 thousand euro over the year. This is mainly due to the reclassification of the portion failing due within twelve months to “Current financial liabilities”. A loan granted by Cassa Depositi e Prestiti of 89,700 thousand euro was also repaid early and loans with the European Investment Bank were used for a total of 128 million euro.

17) Employee benefits

At the end of the fiscal year, “Employee Benefits” amounted to 137,617 thousand euro (124,966 thousand euro as of December 31, 2013) with changes as follows during the period:

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Accruals	Utilizations	Other changes	Balance at 12 31 2014
Employee leaving entitlement (TFR)	32,495	1,684	4,947	(3,812)	(1,510)	33,804
Employee benefits	92,471	686		(5,001)	15,657	103,813
Total employee benefits	**124,966**	**2,370**	**4,947**	**(8,813)**	**14,147**	**137,617**

Technical valuations in estimating severance packages and employee benefits were carried out on the basis of the following assumptions:

	2014	2013
Discount rate	from 0.72% to 1.49%	2.5%
Annual inflation rate	from 0.60% to 2%	2.0%

The company has chosen these rates based on the yield curve of high-quality, fixed-income securities for which the amounts and maturities correspond to those of liabilities for pensions and other post-employment benefits.

As required by IAS 19, the sensitivity for post-employment employee benefit obligations is outlined below:

Thousands of euro	Turnover rate +1%	Turnover rate -1%	Inflation rate +0.25%	Inflation rate -0.25%	Actualization rate +0.25%	Actualization rate -0.25%
TFR	**33,565**	**34,009**	**34,152**	**33,406**	**33,182**	**34,389**

Thousands of euro	Actualization rate +0.25%	Actualization rate -0.25%	Mortality table increased by 10%	Mortality table decreased by 10%
Premungas	31,318	32,460	30,529	33,403
Electricity and gas discount	62,485	66,463	62,984	66,079
Additional months	3,985	4,233	n.a.	n.a.

18) Provisions for risks, charges and liabilities for landfills

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Provisions net of releases	Utilizations	Other changes	Balance at 12 31 2014
Provisions for risks, charges and liabilities for landfills	**111,168**	**1,658**	**91,665**	**(32,453)**	**(7,544)**	**164,494**

As at December 31, 2014, the balance of these funds amounted to 164,494 thousand euro (111,168 thousand euro as of December 31, 2013) and mainly relate to disputes with local authorities, social security institutions and third parties.

Net accruals were 91,665 thousand euro resulting from fiscal year accruals totalling 119,209 thousand euro. This amount is adjusted by the release of risk funds totalling 27,544 thousand euro resulting from the loss of certain existing disputes. Provisions for the year include 99,435 thousand euro for the loss coverage for losses from the subsidiary A2A Trading S.r.l..

Utilizations totalling 32,453 thousand euro mainly refer to the amounts used for payments made during the fiscal year.

Other changes had a negative balance of 7,544 thousand euro and mainly relate to the reclassification to "Other payables" both of the portion of the provision related to ICI and IMU in relation to the resolution of tax disputes from previous years, and to total charges related to the overall corporate restructuring plan for future outgoing employees for redundancy.

It shall be specified that the fund includes decommissioning liabilities regarding some thermoelectric plants.

19) Other non-current liabilities

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2014	*of which included in the NFP*	
					12 31 2013	*12 31 2014*
Other non-current liabilities	3,231		(3,207)	24	-	-
Non-current derivatives	47,555		34,503	82,058	*47,555*	*68,326*
Total other non-current liabilities	**50,786**	**-**	**31,296**	**82,082**	***47,555***	***68,326***

"Other non-current liabilities" amounted to 82,082 thousand euro and are divided as follows:

- 82,058 thousand euro for non-current derivatives, of which:
  - 68,326 thousand euro for the fair value of derivatives to hedge interest rate risk on variable rate mortgages and bonds;
  - 13,732 thousand euro for the valuation of the derivative related to the option contract between A2A S.p.A. and Società Elettrica Altoatesina S.p.A. (SEL) concerning a portion of the shares in Edipower S.p.A. held. This expense was determined from the fair value of the shares covered by the option;
- 24 thousand euro for "Other non-current liabilities". The decrease of 3,207 thousand euro compared to December 31, 2013 is due to the adjustment during the year, with the Lombardy Region of fees for water derivations due to previous years in relation to the Mincio power plant.

Current liabilities

20) Trade payables and other current liabilities

Thousands of euro	**Balance at 12 31 2013**	**Effect of non-recurring transactions**	**Changes during the year**	**Balance at 12 31 2014**
Advances	7		200	207
Trade payables	77,852		(1,679)	76,173
Trade payables with related parties:	39,692	373	6,504	46,569
- subsidiaries	*39,496*	*373*	*6,268*	*46,137*
- parent companies	*22*		*(2)*	*20*
- affiliates	*174*		*238*	*412*
Total trade payables	**117,551**	**373**	**5,025**	**122,949**
Payables to social security institutions	13,745		(11)	13,734
Other payables:	123,919	1,043	38,772	163,734
- tax consolidation	*82,108*		*(8,128)*	*73,980*
- employees	*16,505*	*1,043*	*5,052*	*22,600*
- CCSE	*3*			*3*
- VAT and similar	*11,939*		*25,380*	*37,319*
- others	*13,364*		*16,468*	*29,832*
Other current liabilities	1,955		2	1,957
Total other current liabilities	**139,619**	**1,043**	**38,763**	**179,425**
Total trade payables and other current liabilities	**257,170**	**1,416**	**43,788**	**302,374**

"Trade payables and other current liabilities" amounted to 302,374 thousand euro (257,170 thousand euro as of December 31, 2013), representing an overall increase of 43,788 thousand euro net of extraordinary transactions totalling 1,416 thousand euro. This line includes the effects of application of the tax transparency agreement stipulated with an affiliate company.

21) Current financial liabilities

Thousands of euro	**Balance at 12 31 2013**	**Effect of non-recurring transactions**	**Changes during the year**	**Balance at 12 31 2014**	*of which included in the NFP*	
					12 31 2013	*12 31 2014*
Non-convertible bonds	307,544		(307,544)	-	307,544	-
Due to banks	57,273		20,378	77,651	57,273	77,651
Financial payables to related parties	470,175		7,634	477,809	470,175	477,809
Total current financial liabilities	**834,992**	**-**	**(279,532)**	**555,460**	**834,992**	**555,460**

"Current financial liabilities" amounted to 555,460 thousand euro, compared to 834,992 thousand euro as of the close of the preceding fiscal year.

In particular, "Non-convertible bonds" were zero because there are no bonds maturing in 2015; the change is therefore due to the repayment in May of the bond expired on May 28, 2014, and reclassified to "Current financial liabilities" at year-end 2013 for 307,544 thousand euro.

Current liabilities "Due to banks" have increased by 20,378 thousand euro during the fiscal year, mainly due to the reclassification of the current portion due within one year included within the item "Non-current financial liabilities".

"Payables to related parties" showed an increase of 7,634 thousand euro; it should be noted that the interest rates on intercompany accounts have been obtained by applying a three-month Euribor spread.

22) Tax liabilities

Thousands of euro	Balance at 12 31 2013	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2014
Tax liabilities	340	-	(340)	-

At December 31, 2014, this item was zero (340 thousand euro at December 31, 2013).

Net debt

23) Net debt
(pursuant to CONSOB Communication no. DEM/6064293 of July 28, 2006)

The following table provides details of net debt.

Thousands of euro	Notes	12 31 2014	12 31 2013
Bonds - non-current portion	16	2,988,521	2,966,757
Bank loans - non-current portion	16	819,141	857,581
Other non-current liabilities	19	68,326	47,555
Total medium/long-term debt		**3,875,988**	**3,871,893**
Non-current financial assets with related parties	3	(402,075)	(664,398)
Other non-current financial assets and other non-current assets	3-5	(34,572)	(43,564)
Total medium/long-term financial receivables		**(436,647)**	**(707,962)**
Total non-current net debt		***3,439,341***	***3,163,931***
Bonds - current portion	21	-	307,544
Bank loans - current portion	21	77,651	57,273
Financial liabilities to related parties - current portion	21	477,809	470,175
Total short-term debt		**555,460**	**834,992**
Financial assets with related parties - current portion	9	(730,269)	(872,983)
Total short-term financial receivables		**(730,269)**	**(872,983)**
Cash and cash equivalents	11	**(410,501)**	**(186,892)**
Total current net debt		***(585,310)***	***(224,883)***
Net debt		***2,854,031***	***2,939,048***

Notes to the income statement

24) Revenues

Revenues in 2014 totaled 578,155 thousand euro (429,203 thousand euro in the year ended December 31, 2013), therefore increasing by 148,952 thousand euro.

Details of the most important sources of revenues are provided below:

Revenues - *Thousands of euro*	**12 31 2014**	**12 31 2013**
Revenues from the sale of goods	211,015	71,524
Revenues from services	342,601	343,034
Total revenues from the sale of goods and services	**553,616**	**414,558**
Other operating income	**24,539**	**14,645**
Total revenues	**578,155**	**429,203**

"Revenues from the sale of goods and services" totaled 553,616 thousand euro (414,558 thousand euro in 2013), up 139,058 thousand euro from last year. This change was partly due to higher sales revenues of 139,491 thousand euro mainly due to the increase in sales of Green Certificates to both the subsidiary A2A Trading S.r.l. and third parties. Revenues from services decreased totaling 433 thousand euro, due mainly to the decrease in revenues from tolling agreements and power purchase agreements entered into with A2A Trading S.r.l, mainly due to the renegotiation of the same, partially offset by the increase in revenues from the Municipality of Milan following the plan of replacing all traditional systems of public lighting with LED lamps.

"Other operating income", amounting to 24,539 thousand euro (14,645 thousand euro in the previous year), relates to rents from subsidiaries and associates, releases from provisions made in prior years, reimbursements for losses and penalties from customers, insurance companies and individuals, as well as the sale of equipment and materials.

Details of the most significant items are as follows:

Thousands of euro	12 31 2014	12 31 2013
Sales of electricity, of which:	**13,440**	**18,328**
- third-party customers	905	2,835
- subsidiaries	12,535	15,493
Sales of heat, of which:	**258**	**370**
- subsidiaries	258	370
Sales of materials, of which:	**2,830**	**2,304**
- third-party customers	439	
- subsidiaries	2,369	2,273
- affiliates	22	31
Sales of certificates and emission righs, of which:	**194,487**	**50,522**
- third-party customers	20,212	750
- subsidiaries	174,275	49,772
Total revenues from the sale of goods	**211,015**	**71,524**
Service, of which:		
- third-party customers	5,831	8,571
- subsidiaries	297,705	312,771
- Municipalities of Milan and Brescia	37,688	19,278
- affiliates	1,377	2,414
Total revenues from services	**342,601**	**343,034**
Total revenues from the sale of goods and services	**553,616**	**414,558**
Other operating income, of which:		
- subsidiaries	10,131	7,458
- affiliates		9
Other revenues	14,408	7,178
Total other operating income	**24,539**	**14,645**
Total revenues	**578,155**	**429,203**

25) Operating expenses

"Operating expenses" totaled 353,097 thousand euro (221,199 thousand euro in 2013), with an increase of 131,898 thousand euro.

The main components of this item are as follows:

Operating expenses - *Thousands of euro*	12 31 2014	12 31 2013
Raw materials and consumables	166,325	24,786
Service costs	108,230	140,118
Total expenses for raw materials and services	**274,555**	**164,904**
Other operating expenses	**78,542**	**56,295**
Total operating expenses	**353,097**	**221,199**

"Expenses for raw materials and services" amounted to 274,555 thousand euro (164,904 thousand euro in 2013), an increase of 109,651 thousand euro.

This increase is due to the combined effect of higher costs incurred for the purchase of raw materials and consumables, amounting to 141,539 thousand euro, mainly due to the increase in purchases of green certificates and energy from subsidiaries and lower costs for services, amounting to 31,888 thousand euro, relating to contracts and works, various services provided by third parties, subsidiaries and associates.
Details of the most significant components are provided in the following table:

Expenses for raw materials and services - *Thousands of euro*	**12 31 2014**	**12 31 2013**
Purchases of power and fuel, of which:	**32,114**	**18,379**
- third-party suppliers	1,382	1,386
- subsidiaries	30,732	16,993
Change in inventories of fuel	**(17)**	**2**
Purchases of industrial demineralized water	**156**	**-**
Purchases of materials, of which:	**7,261**	**6,554**
- third-party suppliers	7,167	6,492
- subsidiaries	94	62
Change in inventories of materials	**125**	**(253)**
Purchases of emission certificates and allowances, of which:	**126,686**	**104**
- third-party suppliers	256	104
- subsidiaries	126,430	-
Total expenses for raw materials and consumables	**166,325**	**24,786**
Electricity delivery and transport expenses	**2**	**62**
Transport from subsidiaries	**-**	**11**
Subcontracted works	**18,557**	**18,363**
Services, of which:	**89,671**	**121,682**
- third-party suppliers	52,937	81,578
- subsidiaries	36,398	39,750
- affiliates	336	354
Total service costs	**108,230**	**140,118**
Total expenses for raw materials and services	**274,555**	**164,904**
Use of third-party assets:	**29,922**	**5,870**
- third-party suppliers	29,512	5,725
- subsidiaries	410	145
Sundry operating expenses	**48,572**	**50,381**
Other expenses from subsidiaries	**48**	**38**
Losses on disposal of tangible assets	**-**	**6**
Other operating expenses	**78,542**	**56,295**
Total operating expenses	**353,097**	**221,199**

During the year, the Company paid 2,000 thousand euro in donations to the AEM and ASM foundations.

26) Labour costs

Net of capitalized expenses, labour costs in the year ended December 31, 2014, amounted to 131,530 thousand euro (122,223 thousand euro in the previous year). The increase compared to the previous year, was mainly due to the increase in staff resulting from the extraordinary acquisition of the business unit "Administrative, technical and management corporate/staff services as well as regarding the management of the remote and programming service of input and availability of hydroelectric plants" by the subsidiary Edipower S.p.A..
"Labour costs" may be analyzed as follows:

Labour costs - *Thousands of euro*	**12 31 2014**	**12 31 2013**
Wages and salaries	77,845	72,524
Social security charges	27,113	24,640
Employee leaving entitlement (TFR)	4,947	4,598
Other costs	21,625	20,461
Total labour costs	**131,530**	**122,223**

The table below shows the average number of employees during the year, broken down by category:

	2014	**2013**
Managers	76	66
Middle managers	187	158
White-collar workers	937	934
Blue-collar workers	224	235
Total	**1,424**	**1,393**

The item also includes the directors' fees paid by A2A S.p.A. to the member of the Board of Directors.

27) Gross operating income

Due to the effect of the dynamics explained above, "Gross operating income" totaled 93,528 thousand euro (85,781 thousand euro in 2013).

28) Depreciation, amortization, provisions and write-downs

"Depreciation, amortization, provisions and write-downs" totaled 207,947 thousand euro (224,898 thousand euro in the year ended December 31, 2013), representing a decrease of 16,951 thousand euro.

The following table provides details of the individual items:

Depreciation, amortization, provisions, and write-downs - *Thousands of euro*	**12 31 2014**	**12 31 2013**
Amortization of intangible assets	5,783	10,888
Depreciation of tangible assets	80,477	92,455
Total amortization and depreciation	**86,260**	**103,343**
Other write-downs of fixed assets	29,336	111,858
Bad debt provisions (receivables recognized as current assets and cash and cash equivalents)	686	85
Provisions for risks and charges	91,665	9,612
Total depreciation, amortization, provisions and write-downs	**207,947**	**224,898**

In particular, “Amortization and depreciation” totaled 86,260 thousand euro (103,343 thousand euro in 2013), reflecting a net decrease of 17,083 thousand euro mainly due to the decrease in depreciation of property, plant and equipment. Depreciation is calculated on the basis of technical and economic rates considered representative of the remaining useful life of the related tangible assets.

It is specified that the A2A Group, in relation to the changed market conditions relating to the composition of the national generation grid that have strongly influenced the regimes of use of gas thermoelectric plants of its generation capacity by reducing the hours of operation, has revised the residual useful lives of the plants with the subsequent recalculation of amortization as of July 1, 2014. The review process of the useful lives of combined cycle plants was supported by technical analyses carried out within the Group and economic analyses carried out by an independent third-party expert. The extension of the useful lives based on the economic-technical analyses carried out concerned for A2A S.p.A. the plants in Cassano d’Adda and Ponti sul Mincio as described in note “1) Tangible assets” in the Notes to the balance sheet. The recalculation of amortization as of July 1, 2014 on the basis of the new useful lives resulted in a reduction of the same of 4,013 thousand euro.

Regarding the transposition of the “Growth Decree”, which establishes procedures for calculating the surrender value of the water system works used to supply water under concession to hydroelectric power plants (the “wet works”), the calculation criteria (revaluation coefficients and useful lives) needed to quantify the surrender value at the end of the relative concessions have not been set yet by the relevant authorities. In the absence of a regulatory framework, the company has carried out a series of simulations using ISTAT coefficients, which were found to be the only possible data that is objectively usable, and estimates of the economic and technical lives of the assets. The results of these simulations led to a very wide range of variability, confirming that it is currently impossible to make a reliable estimate of the surrender values at the end of the concessions. Nevertheless, the net carrying amount of the wet works, for which concessions are close to expiry, was significantly lower than the range of results obtained. As a result, therefore, since June 30, 2013, depreciation and amortization is no longer charged only for those concessions nearing expiry, while the same valuation methods continue to be applied to the remaining concessions.

Write-downs of assets totaled 29,336 thousand euro and regarded the write-down of some thermoelectric plants in Ponti sul Mincio and some goodwill recorded in previous years due to non-recurring transactions. Write-downs were carried out following the results obtained in the impairment test, performed by an external independent expert appointed by the Group. This was performed as a result of the continuation of the economic crisis in Italy and the resulting decrease in requirements which, together with the further increase in production from non-programmable renewable sources, has caused a substantial decrease in production of all thermoelectric plants. Further details of the work carried out for the impairment test can be found in the Consolidated Annual Report (note 2).

The “Bad debt provision” amounted to 686 thousand euro (85 thousand euro in 2013), increasing by 601 thousand euro.

“Provisions for risks and charges” totaled 91,665 thousand euro (9,612 thousand euro in the previous year) and relate to the provisions in the year, for euro 119,209 thousand euro made for provisions for risks on shareholdings to cover losses, outstanding disputes with third parties, tax authorities and other local entities, adjusted by the release of risk provisions in the year totaling 27,544 thousand euro resulting from the loss of certain existing disputes.

29) Net operating income

“Net operating income (loss)” showed a net operating loss of 114,419 thousand euro (loss of 139,117 thousand euro in the year ended December 31, 2013).

30) Result from non-recurring transactions

This item amounted to 24,839 thousand euro (23,388 thousand euro at December 31, 2013) and incorporates the income on the exchange agreement between A2A S.p.A. and Dolomiti Energia S.p.A. which provided for the sale to A2A S.p.A. of Edipower S.p.A. shares owned by Dolomiti Energia in exchange for the sale of Dolomiti Energia shares held by A2A S.p.A. plus the balance in cash or assets for a total of 16 million euro. This income arises as the difference between the value attributed to the shareholding in Dolomiti Energia S.p.A. as part of the exchange and its carrying value in the financial statements of A2A S.p.A..

In the previous year, the item included the gain realized on the sale of the company Chi.Na.Co S.r.l., to which A2A S.p.A. had transferred five small flowing water hydroelectric plants with an installed power of approximately 8 MW.

31) Financial balance

The "Financial balance" reported a positive balance of 70,859 thousand euro (58,141 thousand euro at December 31, 2013). Details of the most significant items are as follows:

Financial income

Financial income - *Thousands of euro*	**12 31 2014**	**12 31 2013**
Income on derivatives	**12,561**	**44,128**
Income from financial assets:	**303,313**	**265,737**
Income from dividends:	244,908	219,910
- subsidiaries	240,676	216,305
- affiliates	4,146	3,558
- other companies	86	47
Income on receivables/securities booked under non-current assets:	2	3
- others	2	3
Income on receivables/securities booked under current assets:	58,397	45,794
- subsidiaries	53,845	33,843
- affiliates	2	115
- parent companies	3,200	6,135
- others:	1,350	5,701
a) bank accounts	1,334	5,636
b) other receivables	16	65
Foreign exchange gains	6	30
Total financial income	**315,874**	**309,865**

"Financial income" totaled 315,874 thousand euro (309,865 thousand euro in the year ended December 31, 2013), and relate to income from financial assets.

In particular, the income on derivatives amounted to 12,561 thousand euro (44,128 thousand at December 31, 2013) and related to the positive performance of the fair value of, and realized gains on, financial derivative contracts.

Income on financial assets amounted to 303,313 thousand euro (265,737 thousand euro at December 31, 2013) and concerned:

- income on dividends in the amount of 244,908 thousand euro (219,910 thousand euro in the previous year) which refer to dividends distributed by subsidiaries, 240,676 thousand euro, associates, 4,146 thousand euro, and certain investees of A2A S.p.A., 86 thousand euro;
- income on receivables/securities booked under non-current assets in the amount of 2 thousand euro (3 thousand euro at December 31, 2013), relating mainly to interest on fixed-income securities and guarantee deposits;
- income on receivables/securities booked under current assets in the amount of 58,397 thousand euro (45,794 thousand euro at December 31, 2013), including 53,845 thousand euro (33,843 thousand euro at December 31, 2013) in interest income from subsidiaries on intercompany loans, 2 thousand euro in interest income from affiliates, 3,200 thousand euro (6,135 thousand euro at December 31, 2013) in income from the Municipality of Brescia, pursuant to the implementation of IFRIC 12 in connection with the public lighting system, 1,350 thousand euro (5,701 thousand euro at December 31, 2013) in interest on bank deposits and sundry receivables;
- foreign exchange gains in the amount of 6 thousand euro (30 thousand euro in the previous year).

Financial expenses

Financial expenses - *Thousands of euro*	**12 31 2014**	**12 31 2013**
Expenses on financial assets held for trading	**51,161**	**71,034**
- Write-down of investments	51,161	71,034
Charges on derivatives	**21,431**	**5,393**
Expenses from financial liabilities	**172,423**	**175,304**
- subsidiaries	6,889	6,004
- affiliates	-	-
- parent company	-	-
- others:	165,534	169,300
a) interest on bond loans	135,014	143,760
b) banks	25,102	20,234
c) others	5,311	5,286
e) foreign exchange losses	107	20
Total financial expenses	**245,015**	**251,731**

“Financial charges” amounted to 245,015 thousand euro (251,731 thousand euro in 2013) and referred to:

- 51,161 thousand euro (71,034 thousand euro at December 31, 2013) mainly due to the write-downs of the shareholdings in Ergosud S.p.A., Assoenergia S.p.A. in liquidation and Ecofert S.r.l. in liquidation, as discussed in greater detail in note 3 “Shareholdings and other non-current financial assets”;
- 21,431 thousand euro (5,393 thousand euro at December 31, 2013) at “fair value” and the negative “realized” from financial derivatives for 7,699 thousand euro, as well as evaluation of the derivative related to the option contract between A2A S.p.A. and Società Elettrica Altoatesina S.p.A. (SEL) concerning a portion of the shares in Edipower S.p.A. held for 13,732 thousand euro. This expense was determined from the fair value of the shares covered by the option;
- 172,423 thousand euro (175,304 thousand euro at December 31, 2013) for expenses from financial liabilities, made up of:
  - interest charged by subsidiaries in the amount of 6,889 thousand euro (6,004 thousand euro in 2013) on intercompany loans extended under the Group’s cash management system;
  - other financial charges in the amount of 165,534 thousand euro (169,300 thousand euro at December 31, 2013) which mainly relate to interest on bonds and interest on the revolving credit lines used with various banks.

The nature and content of derivatives are described in the section “Other information”.

Result from disposal of other shareholdings (AFS)

The item has no value at December 31, 2014, while at the close of the previous year, it was positive and equal to 7 thousand euro and included the gain realized on the sale of the shareholding of the company A.C.B. Servizi S.r.l..

32) Income taxes

Income taxes - *Thousands of euro*	**12 31 2014**	**12 31 2013**
Current taxes	(26,463)	(13,313)
Deferred tax assets	37,349	(15,082)
Deferred tax liabilities	(37,865)	(34,613)
Total income taxes	**(26,979)**	**(63,008)**

It is noted that for IRES purposes, the company filed for tax on a consolidated basis, together with its main subsidiaries, in accordance with arts. 117-129 of DPR 917/86.

To this end, a contract has been entered into with each of the subsidiaries to regulate the tax benefits and burdens transferred, with specific reference to current items.

The deferred tax assets and liabilities calculated when determining the subsidiaries' taxable income, again only for IRES purposes, are not transferred to the parent company, A2A S.p.A., but are recognized in the income statement of the individual subsidiary each time there is an effective divergence between net income calculated for tax reporting purposes and net income calculated for financial reporting purposes due to any temporary differences. The deferred tax assets and liabilities shown in the income statement of A2A S.p.A. are therefore calculated exclusively on the divergences between its income for taxable purposes and income for financial reporting purposes.

Current income tax (IRES) of A2A S.p.A. is calculated on its own taxable income net of the adjustments relating to the national tax consolidation filing, in accordance with interpretation OIC 2 of May 2006.

In compliance with the OIC 2 interpretation document, the "income/expense related to consolidation", which constitute the remuneration/contra-entry for the transfer to the parent company A2A S.p.A. of a tax loss or taxable income, are recognized in the balance sheet.

The total amount of IRAP has been calculated at 4.20% of the net value of production, suitably adjusted for the items foreseen in the relevant tax legislation (tax rate applied as a result of the provision under article 23, paragraph 5, Law 111/2011).

We point out that also for the current year, the company is subject to additional IRES of 6.50% ("Robin Hood Tax"), due to the provisions of art. 7, Decree Law August 13, 2011, no. 138, converted into Law 14 September 2011, no. 148. However, as a result of Sentence 10/2015 of the Constitutional Court, which declared the unconstitutionality of the additional IRES effective from February 12, 2015, in these financial statements, deferred tax assets and liabilities have been reversed on said basis allocated on temporary differences for 2,126 thousand euro. In particular, deferred taxes were released for 25,252 thousand euro and deferred tax assets 27,378 thousand euro.

The deferred tax assets and liabilities for IRAP purposes are booked to the income statement so as to show the total tax charge for the year, taking into account the tax effects of temporary differences.

No items have been excluded from the calculation of deferred taxation for IRES or IRAP purposes and deferred assets and liabilities are recognized according to the balance sheet method.

At December 31, 2014, income taxes for the year (IRES and IRAP), amounted to -26,979 thousand euro (-63,008 thousand euro at the end of the previous year) and were made up as follows:

- 2,702 thousand euro in current IRES for the year;
- 2,890 thousand euro in current IRAP for the year;
- -32,174 thousand euro for remuneration for the transfer of interest payable to the tax consolidation system;
- 506 thousand euro in current additional IRES for the year;
- -387 thousand euro related to taxes of previous years;
- -37,408 thousand euro in deferred tax liabilities for IRES purposes;
- -457 thousand euro in deferred tax liabilities for IRAP purposes;
- 36,871 thousand euro in deferred tax assets for IRES purposes;
- 478 thousand euro in deferred tax assets for IRAP purposes.

The main permanent increases in IRES include write-downs of shareholding in the amount of 51,161 thousand euro, non-deductible extraordinary expenses in the amount of 1,784 thousand euro, as well as property taxes (IMU) in the amount of 11,342 thousand euro.

Reconciliation between the statutory tax rate and the effective tax rate for IRES and IRAP purposes are presented in the statements below.

IRES - reconciliation between statutory and effective taxation

Result before taxes	(18,721,059)	
Income tax based on nominal tax rate		(5,148,291)
Long-term differences	19,862,524	
Income before taxes adjusted for permanent differences	1,141,465	
Temporary differences deductible in future years	42,148,593	
Temporary differences deductible in future years recorded in Equity	2,216,441	
Temporary differences taxable in future years	-	
Reversal of prior year temporary differences	(37,729,328)	
Reversal of temporary difference for Robin Tax tax losses	2,047,786	
Taxable income	9,824,957	
Current taxes on pre-tax income for the year		2,701,863
Additional current taxes (Robin Tax)		505,516
to be deducted taxes on non-current assets held for sale		-
to be deducted other income from tax consolidation		(32,174,245)
Total current income taxes for the year		(28,966,866)

IRAP - reconciliation between statutory and effective taxation

Difference between production value and production costs	127,931,484	
Irrelevant costs for IRAP purposes	59,435,522	
Total	68,495,962	
Nominal tax expense (4.20%)		2,876,830
Temporary differences deductible in future years	37,530,337	
Temporary differences taxable in future years	-	
Reversal of prior year temporary differences	(37,217,876)	
Taxable income for IRAP purposes	68,808,423	
Current IRAP on income for the year		2,889,954

Details are provided below on the analytic situation of the deferred tax assets and liabilities which, as required by international accounting standards, also shows the changes in equity reserves.

IRES - Deferred tax assets and liabilities for the year

Taxable timing differences

Description *Units of euro*	Deferred taxes previous year			Adjustments			Uses in current year		
	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
Differences in amount of tangible assets	359,224,366	34.0%	122,136,284	-	34.0%	-	34,805,016	34.0%	11,833,705
Application of lease finance standard (IAS 17)	20,707,095	34.0%	7,040,412	-	34.0%	-	267,751	34.0%	91,035
Application of the financial instrument standard (IAS 39)	-	34.0%	-	-	34.0%	-	-	34.0%	-
Differences in amount of intangible assets	24,004,604	34.0%	8,161,566	-	34.0%	-	533,880	34.0%	181,519
Capital gains spead over the years	-	34.0%	-	-	34.0%	-	-	34.0%	-
Post-employment benefits	1,850,053	34.0%	629,018	-	34.0%	-	-	34.0%	-
Other deferred taxes	18,452,966	34.0%	6,274,009	-	34.0%	-	148,262	34.0%	50,409
Total	**424,239,084**		**144,241,289**	**-**		**-**	**35,754,909**		**12,156,669**

Deductible timing differences

Description *Units of euro*	Deferred taxes previous year			Adjustments			Uses in current year		
	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
Tax loss carryforwards	1,722,709	6.5%	111,976	325,077	6.5%	21,130	2,047,786	6.5%	133,106
Taxed provisions for risks	186,887,398	34.0%	63,541,715	(122,079)	34.0%	(41,507)	53,212,482	34.0%	18,092,244
Amortization, depreciation and impairment of non-current assets	108,767,992	34.0%	36,981,117	-	34.0%	-	5,705,212	34.0%	1,939,772
Application of the financial instrument standard (IAS 39)	1,497,250	34.0%	509,065	-	34.0%	-	-	34.0%	-
Allowance for bad debts	6,868,891	34.0%	2,335,423	-	34.0%	-	-	34.0%	-
Costs for business combinations	-	34.0%	-		34.0%	-		34.0%	-
Grants	9,644,123	34.0%	3,279,002	-	34.0%	-	-	34.0%	-
Goodwill	137,192,206	34.0%	46,645,350	-	34.0%	-	12,017,343	34.0%	4,085,897
Other deferred tax assets	41,898,365	34.0%	14,245,444	-	34.0%	-	500,000	34.0%	170,000
Total	**494,478,935**		**167,649,093**	**202,998**		**(20,377)**	**73,482,823**		**24,421,019**

Sub-total			Changes in tax rate			Increases for the year			Increases/uses through equity			Total deferred taxes		
Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
324,419,350	34.0%	110,302,579	324,419,350	27.5%	89,215,321	-	27.5%	-	-	27.5%	-	324,419,350	27.5%	89,215,321
20,439,344	34.0%	6,949,377	20,439,344	27.5%	5,620,820	-	27.5%	-	-	27.5%	-	20,439,344	27.5%	5,620,820
-	34.0%	-	-	27.5%	-	-	27.5%	-	-	27.5%	-	-	27.5%	-
23,470,724	34.0%	7,980,046	23,470,724	27.5%	6,454,449	-	27.5%	-	-	27.5%	-	23,470,724	27.5%	6,454,449
-	34.0%	-	-	27.5%	-	-	27.5%	-	-	27.5%	-	-	27.5%	-
1,850,053	34.0%	629,018	1,850,053	27.5%	508,765	-	27.5%	-	-	27.5%	-	1,850,053	27.5%	508,765
18,304,704	34.0%	6,223,599	18,304,704	27.5%	5,033,794	-	27.5%	-	-	27.5%	-	18,304,704	27.5%	5,033,794
388,484,175		**132,084,620**	**388,484,175**		**106,833,148**	**-**		**-**	**-**		**-**	**388,484,175**		**106,833,148**

Sub-total			Changes in tax rate			Increases for the year			Increases/uses through equity			Total deferred taxes		
Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
-	6.5%	-	-	6.5%	-	-	6.5%	-	-	6.5%	-	-	6.5%	-
133,552,837	34.0%	45,407,965	133,552,837	27.5%	36,727,030	24,949,291	27.5%	6,861,055	12,962,867	27.5%	3,564,788	171,464,995	27.5%	47,152,874
103,062,780	34.0%	35,041,345	103,062,780	27.5%	28,342,265	15,603,989	27.5%	4,291,097	-	27.5%	-	118,666,769	27.5%	32,633,361
1,497,250	34.0%	509,065	1,497,250	27.5%	411,744	-	27.5%	-	-	27.5%	-	1,497,250	27.5%	411,744
6,868,891	34.0%	2,335,423	6,868,891	27.5%	1,888,945	-	27.5%	-	-	27.5%	-	6,868,891	27.5%	1,888,945
	34.0%	-		27.5%	-		27.5%	-		27.5%	-		27.5%	-
9,644,123	34.0%	3,279,002	9,644,123	27.5%	2,652,134	-	27.5%	-	-	27.5%	-	9,644,123	27.5%	2,652,134
125,174,863	34.0%	42,559,453	125,174,863	27.5%	34,423,087	-	27.5%	-	-	27.5%	-	125,174,863	27.5%	34,423,087
41,398,365	34.0%	14,075,444	41,398,365	27.5%	11,384,550	1,595,313	27.5%	438,711	21,936,169	27.5%	6,032,446	64,929,847	27.5%	17,855,708
421,199,110		**143,207,697**	**421,199,110**		**115,829,755**	**42,148,593**		**11,590,863**	**34,899,036**		**9,597,235**	**498,246,738**		**137,017,853**

IRAP - Deferred tax assets and liabilities for the year

Taxable timing differences

Description *Units of euro*	Deferred taxes previous year			Adjustments			Uses in current year		
	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
Value differences in tangible assets	158,630,720	4.20%	6,662,490	-	4.20%	-	10,196,722	4.20%	428,262
Adoption of the finance lease standard (IAS 17)	14,629,909	4.20%	614,456	-	4.20%	-	-	4.20%	-
Value differences in intangible assets	540,658	4.20%	22,708	-	4.20%	-	533,880	4.20%	22,423
Other deferred tax liabilities	13,000,142	4.20%	546,006	-	4.20%	-	144,890	4.20%	6,085
Total	**186,801,429**		**7,845,660**	**-**		**-**	**10,875,492**		**456,771**

Deductible timing differences

Description *Units of euro*	Deferred taxes previous year			Adjustments			Uses in current year		
	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
Taxed risk provisions	67,353,321	4.20%	2,828,839	(835,024)	4.20%	(35,071)	31,267,776	4.20%	1,313,247
Amortization, depreciation and write-downs	88,901,414	4.20%	3,733,859	-	4.20%	-	4,808,249	4.20%	201,946
Costs for business combinations	-	4.20%	-		4.20%	-		4.20%	-
Grants	6,087,924	4.20%	255,693	-	4.20%	-	-	4.20%	-
Goodwill	134,901,714	4.20%	5,665,872	-	4.20%	-	12,017,343	4.20%	504,728
Other deferred tax assets	167,787	4.20%	7,047	-	4.20%	-	-	4.20%	-
Total	**297,412,160**		**12,491,311**	**(835,024)**		**(35,071)**	**48,093,368**		**2,019,921**

Sub-total			Changes in tax rate			Increases for the year			Increases/uses through equity			Total deferred taxes		
Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
148,433,998	4.20%	6,234,228	148,433,998	4.20%	6,234,228	-	4.20%	-	-	4.20%	-	148,433,998	4.20%	6,234,228
14,629,909	4.20%	614,456	14,629,909	4.20%	614,456	-	4.20%	-	-	4.20%	-	14,629,909	4.20%	614,456
6,778	4.20%	285	6,778	4.20%	285	-	4.20%	-	-	4.20%	-	6,778	4.20%	285
12,855,252	4.20%	539,921	12,855,252	4.20%	539,921	-	4.20%	-	-	4.20%	-	12,855,252	4.20%	539,921
175,925,937		**7,388,889**	**175,925,937**		**7,388,889**	**-**		**-**	**-**		**-**	**175,925,937**		**7,388,889**

Sub-total			Changes in tax rate			Increases for the year			Increases/uses through equity			Total deferred taxes		
Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
35,250,521	4.20%	1,480,522	35,250,521	4.20%	1,480,522	6,001,064	4.20%	252,045	-	4.20%	-	41,251,585	4.20%	1,732,567
84,093,165	4.20%	3,531,913	84,093,165	4.20%	3,531,913	28,801,784	4.20%	1,209,675	-	4.20%	-	112,894,949	4.20%	4,741,588
-	4.20%	-	-	4.20%	-		4.20%	-		4.20%	-	-	4.20%	-
6,087,924	4.20%	255,693	6,087,924	4.20%	255,693	-	4.20%	-	-	4.20%	-	6,087,924	4.20%	255,693
122,884,371	4.20%	5,161,144	122,884,371	4.20%	5,161,144	2,651,032	4.20%	111,343	-	4.20%	-	125,535,403	4.20%	5,272,487
167,787	4.20%	7,047	167,787	4.20%	7,047	76,457	4.20%	3,211	-	4.20%	-	244,244	4.20%	10,258
248,483,768		**10,436,318**	**248,483,768**		**10,436,318**	**37,530,337**		**1,576,274**	**-**		**-**	**286,014,105**		**12,012,592**

33) Net result of the year

The net result of the year is positive for 8,258 thousand euro (5,420 thousand euro at December 31, 2013).

Note on related party transactions

34) Note on related party transactions

“Related parties” are those indicated by the international accounting standard that concerns Related Party Disclosures (IAS 24 revised).

Relationships with parent companies and their subsidiaries

On October 5, 2007, the Municipalities of Milan and Brescia signed a Shareholders’ Agreement to regulate the ownership structure of A2A S.p.A.; this gave the Municipalities joint control over the company.

Specifically, the merger effective January 1, 2008, regardless of the legal structure established, is considered a joint venture, whose joint control is exercised by the Municipalities of Milan and Brescia, each of which own a share equal to 27.5%.

It is noted that on June 13, 2014, the Shareholders’ Meeting modified the company’s governance system, passing from the original two-tier system, adopted in 2007, to a “traditional” system of management and control with the appointment of the Board of Directors, as described in the paragraph “Significant events during the year” in the Report on Operations to which reference is made for further details.

It is noted that in December 2014, the Municipalities of Milan and Brescia sold a total shareholding of 0.51% of A2A S.p.A., while in the first two months of 2015, the Municipalities of Milan and Brescia sold an additional shareholding of 4.5% of A2A S.p.A.. At the date of approval of the financial statements at December 31, 2014, the two shareholders hold a shareholding of 50% plus two shares that will enable the two municipalities to maintain control over the company.

The A2A Group companies and the Municipalities of Milan and Brescia routinely entertain commercial relationships related to the supply of electricity, gas, heat, and potable water, management of public lighting systems and street lights, management of water purification and sewers, garbage collection and street sweeping and video surveillance.

Similarly, the A2A Group companies entertain commercial relationships with the companies controlled by the Municipalities of Milan and Brescia, for example, Metropolitana Milanese S.p.A., ATM S.p.A., Brescia Mobilità S.p.A., Brescia Trasporti S.p.A. and Centrale del Latte di Brescia S.p.A., supplying them with electrical energy, gas, heat, water purification and sewer service at market rates appropriate to the supply conditions and providing the services required. Note that these companies are considered related parties in the preparation of the financial statement schedules pursuant to Consob Resolution 17221 of March 12, 2010.

The relationships between the Municipalities of Milan and Brescia and the A2A Group, in relation to granting the services associated with public lighting, street lights, management and supply of electricity, gas, heat, and water purification and sewer service are regulated by special conventions and specific contracts.

The relationships between the companies controlled by the Municipalities of Milan and Brescia, which refer to the supply of electricity, are at arm's length conditions.

On April 3, 2014, Amsa S.p.A., a subsidiary of A2A S.p.A., entered a service agreement with the Municipality of Milan covering waste management, street and green area cleaning, special services and other services upon request (such as the removal of illegally dumped waste, reclamation and snow removal) for the period from January 1, 2014, to December 31, 2016.

Relationships with subsidiaries and affiliates

The Parent Company A2A S.p.A., operates like a centralized treasury for the majority of the subsidiaries.

The relationships between the companies take place through current accounts, entertained between the parent company and the subsidiaries, regulated at the Euribor three-month rate for receivables (of A2A S.p.A.) or decreased by the liabilities by an amount equal to the rate applied by the financial market.

For the financial year 2014, A2A S.p.A. and its subsidiaries have adopted the VAT procedure of the Group.

For the purpose of IRES, A2A S.p.A. joined the so-called "national consolidation" option under articles 117 to 129 of DPR 917/86 with the main subsidiaries. To this end, with each of the subsidiaries joining, a special contract was drawn up to regulate the tax advantages/disadvantages transferred, with specific reference to the current entries. These contracts also govern the transfer of any excess of ROL as set forth by prevailing legislation.

The Parent Company provides the subsidiaries and affiliates with administrative, fiscal, legal, management and technical services in order to optimize the resources available in the company and to use the existing expertise in terms of economic convenience. These services are regulated by special intercompany service contracts stipulated annually. A2A S.p.A. also provides its subsidiaries and affiliates with office spaces and operating areas, at their own sites, as well as the services related to their use, at market conditions.

In exchange for the monthly consideration, in proportion to the actual availability of the thermoelectric and hydroelectric plant, the Parent Company offers A2A Trading S.r.l. the electrical generation service.

Telecom services are provided by the subsidiary Selene S.p.A..

Finally, note that pursuant to the Consob communication issued on September 24, 2010, bearing the provisions regarding related party transactions in accordance with Consob Resolution no. 17221 of March 12, 2010, as amended, on November 11, 2010, the Board of Directors of A2A S.p.A., subject to the approval of the Internal Audit committee, approved the procedure for Related Party transactions which took effect on January 1, 2011, and which aims to ensure the transparency and substantial fairness of the related party transactions executed by A2A S.p.A. directly, or through subsidiaries, identified in accordance with the IAS 24 revised accounting standard.

Below are the tables with detail of the related party transactions, in accordance with the Consob Resolution no. 17221 of March 12, 2010.

Balance sheet *Thousands of euro*	Total 12 31 2014	Of which with related parties								
		Subsidiary companies	Affiliates	Municipality of Milan	Subsidiaries Municipality of Milan	Municipality of Brescia	Subsidiaries Municipality of Brescia	Related parties individuals	Total related parties	% effect on the balance sheet item
TOTAL ASSETS OF WHICH:	**7,374,437**	**5,384,704**	**60,511**	**15,517**	**-**	**3,639**	**35**	**-**	**5,464,406**	**74.1%**
Non current assets	*5,914,862*	*4,424,539*	*56,149*	-	-	*3,032*	-	-	*4,483,720*	*75.8%*
Shareholdings	4,081,645	4,025,496	56,149	-	-	-	-	-	4,081,645	100.0%
Other non current financial assets	406,342	399,043	-	-	-	3,032	-	-	402,075	98.9%
Current assets	*1,459,575*	*960,165*	*4,362*	*15,517*	-	*607*	*35*	-	*980,686*	*67.2%*
Trade receivables	219,459	198,005	4,111	15,517	-	607	35	-	218,275	99.5%
Othe current assets	41,864	32,142	-	-	-	-	-	-	32,142	76.8%
Current financial assets	730,269	730,018	251	-	-	-	-	-	730,269	100.0%
Non current assets held for sale	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES OF WHICH:	**5,049,689**	**686,259**	**11,981**	**20**	**187**	**-**	**-**	**-**	**698,447**	**13.8%**
Non current liabilities	*4,191,855*	*99,435*	-	-	-	-	-	-	*99,435*	*2.4%*
Provisions for risks, charges and liabilities for landfills	164,494	99,435	-	-	-	-	-	-	99,435	60.4%
Current liabilities	*857,834*	*586,824*	*11,981*	*20*	*187*	-	-	-	*599,012*	*69.8%*
Trade payables	122,949	46,137	412	20	187	-	-	-	46,756	38.0%
Other current liabilities	179,425	66,009	8,438	-	-	-	-	-	74,447	41.5%
Current financial liabilities	555,460	474,678	3,131	-	-	-	-	-	477,809	86.0%

Income statement *Thousands of euro*	Total 12 31 2014	Of which with related parties								
		Subsi-diary compa-nies	Affiliates	Munici-pality of Milan	Subsi-diaries Munici-pality of Milan	Munici-pality of Brescia	Subsidia-ries Munici-pality of Brescia	Related parties indivi-duals	Total related parties	% effect on the balance sheet item
REVENUES	**578,155**	**497,273**	**1,399**	**37,489**	**-**	**199**	**29**	**-**	**536,389**	**92.8%**
Revenues from sales and services	553,616	487,142	1,399	37,489	-	199	29	-	526,258	95.1%
Other operating income	24,539	10,131	-	-	-	-	-	-	10,131	41.3%
OPERATING EXPENSES	**353,097**	**194,112**	**336**	**-**	**297**	**-**	**2**	**132**	**194,879**	**55.2%**
Expenses for raw materials and services	274,555	193,654	336	-	297	-	2	132	194,421	70.8%
Other operating expenses	78,542	458	-	-	-	-	-	-	458	0.6%
LABOUR COSTS	**131,530**	**-**	**-**	**-**	**-**	**-**	**-**	**1,509**	**1,509**	**1.1%**
Provisions for risks and charges	91,665	99,435	-	-	-	-	-	-	99,435	n.s.
FINANCIAL BALANCE	**70,859**	**286,762**	**(46,146)**	**-**	**-**	**3,200**	**-**	**-**	**243,816**	**n.s.**
Financial income	315,874	294,521	4,148	-	-	3,200	-	-	301,869	95.6%
Financial expense	245,015	7,759	50,294	-	-	-	-	-	58,053	23.7%

Section 0.2 of this file provides complete schedules as required under Consob Resolution no. 17221 of March 12, 2010.

Consob Communication no. DEM/6064293 of July 28, 2006

35) Consob Communication no. DEM/6064293 of July 28, 2006

The effects of the non-recurring transaction on equity for 2014 are reported below:

BALANCE SHEET - A2A S.p.A.	**Acquisition "Administrative, technical and management corporate/staff services as well as regarding the management of the remote and programming service of input and availability of hydroelectric plants" of Edipower S.p.A.**
ASSETS	
NON-CURRENT ASSETS	
Tangible assets	
Intangible assets	954,800
Equity investments	
Other non-current financial assets	
Deferred tax assets	
Other non-current assets	
TOTAL NON-CURRENT ASSETS	**954,800**
CURRENT ASSETS	
Inventories	
Trade receivables	
Other current assets	9,637
Current financial assets	
Current tax assets	
Cash and cash equivalents	4,479,300
TOTAL CURRENT ASSETS	**4,488,937**
NON-CURRENT ASSETS HELD FOR SALE	
TOTAL ASSETS	**5,443,737**

BALANCE SHEET - A2A S.p.A.	**Acquisition "Administrative, technical and management corporate/staff services as well as regarding the management of the remote and programming service of input and availability of hydroelectric plants" of Edipower S.p.A.**
EQUITY AND LIABILITIES	
EQUITY	
Share capital	
(Treasury shares)	
Reserves	
Result of the year	
Equity	
LIABILITIES	
NON-CURRENT LIABILITIES	
Non-current financial liabilities	
Deferred tax liabilities	
Employee benefits	2,369,749
Provisions for risks, charges and liabilities for landfills	1,658,178
Other non-current liabilities	
Total non-current liabilities	**4,027,927**
CURRENT LIABILITIES	
Trade payables	372,997
Other current liabilities	1,042,813
Current financial liabilities	
Total current liabilities	**1,415,810**
Total liabilities	**5,443,737**
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE	
TOTAL EQUITY AND LIABILITIES	**5,443,737**

The company has recognized as a non-recurring transaction in the year the provision for the total cost of 4.7 million euro to be incurred for future leavers under redundancy schemes as a result of the new business restructuring plan. Further details may be found in the section "Significant events during the year" of the Report on Operations.

In addition the exchange agreement between A2A S.p.A. and Dolomiti Energia S.p.A. was finalized during the year by which the Edipower S.p.A. shares owned by Dolomiti Energia S.p.A. were transferred to A2A S.p.A. in exchange for the Dolomiti Energia S.p.A. shares held by A2A S.p.A. and a cash balance. The effect on the Income Statement of this transaction amounted to 24,839 thousand euro and was classified under "Result from non-recurring transactions".

Guarantees and commitments with third parties

Thousands of euro	**2014**	**2013**
Guarantees received	83,777	90,748
Guarantees given	195,601	229,942

Guarantees received

Guarantees deposited by subcontractors and performance bonds issued by insurance companies and guarantees received from customers to guarantee the regularity of payments amount to 83,777 thousand euro (90,748 thousand euro in the previous year).

Guarantees provided and commitments with third parties

These amount to 195,601 thousand euro (229,942 thousand euro at December 31, 2013) and relate to deposits given as security for commitments to third parties and to guarantees issued.

Collateral pledged

At December 31, 2013, the loan for which the shares of Edipower S.p.A. had been given as collateral had been fully repaid. On January 8, 2014 the lending banks signed a deed of assent to the annul the pledge.

Other information

1) Significant events after December 31, 2014

Reference should be made to the specific section of this Report on Operations for a description of subsequent events.

2) Information on treasury shares

At December 31, 2014, A2A S.p.A. held 26,917,609 treasury shares (unchanged from the previous year), representing 0.859% of share capital which consists of 3,132,905,277 shares. At the date of these financial statements, no treasury shares were held through subsidiaries, finance companies or nominees.

3) Information on non-current assets held for sale and discontinued operations (IFRS 5)

“Non-current assets held for sale” and “Liabilities directly associated with non-current assets held for sale” had a zero balance at December 31, 2014.

4) Risk management

The parent company, A2A S.p.A., provides centralized risk management for Group companies.

The A2A Group operates in the electricity, natural gas and district heating industry and is exposed to various financial risks in performing its activity:

a) commodity risk;
b) interest rate risk;
c) exchange rate risk not related to commodities;
d) liquidity risk;
e) credit risk;
f) equity risk;
g) default and covenant risk.

Details on the risks to which A2A S.p.A. is exposed are provided below.

a. Commodity risk

a.1) Commodity price risk and exchange rate risk involved in commodity activities

A2A S.p.A. is exposed to price risk, including the related exchange rate risk, on all of the energy commodities that it handles, namely electricity, natural gas, heat, coal, fuel oil, and environmental certificates; the financial performance of production, purchasing and sales activities is affected by the related price fluctuations. These fluctuations act both directly and indirectly, through formulas and indexing in the pricing structure.
To stabilize cash flows and to lock in Group profits on transactions, A2A S.p.A. has an Energy Risk Policy that sets out clear guidelines to manage and control the above risks, based on guidance by the Committee of Chief Risk Officers Organizational Independence and Governance Working Group ("CCRO") and the Group on Risk Management of Euroelectric. Reference was also made to the Accords of the Basel Committee on bank supervision approved in June 2004 ("Basel 2") and the requirements laid down in international accounting standards on how to recognize the volatility of commodity price and financial derivatives in the Income Statement and Balance Sheet.
In the A2A Group, assessment of this kind of risk is centralized at the holding company, which has established a Risk Management Unit as part of the Planning, Finance and Control department. This unit has the task to manage and monitor market and commodity risks, to create and evaluate structured products, to propose financial energy risk hedging strategies, and to support senior management in defining the Group's energy risk management policies. Each year, A2A S.p.A. sets the Group's commodity risk limits; the Risk Management supervises the situation to ensure compliance with these limits and proposes to senior management the hedging strategies designed to bring risk within the set limits.

The activities that are subject to risk management include all of the positions on the physical market for energy products, both purchasing/production and sales, and all of the positions in the energy derivatives market taken by Group companies.
For the purpose of monitoring risks, industrial and trading portfolios have been separated and are managed in different ways. The industrial portfolio consists of the physical and financial contracts directly relating to the Group's industrial operations, namely where the objective is to enhance production capacity also through the wholesaling and retailing of gas, electricity and heat.
The Trading portfolio comprises all contracts, both physical and financial, entered into to supplement the profits made from the industrial activities, i.e. all contracts that are ancillary though not strictly necessary to the industrial activity.
In order to identify trading activity, the A2A Group follows the Capital Adequacy Directive and the definition of assets held for trading provided by International Accounting Standard (IAS) 39: namely assets held for the purpose of short-term profit taking on market prices or margins, without being for hedging purposes, and designed to create a high-turnover portfolio.
Given that they exist for different purposes, the two portfolios have been segregated and are monitored separately with specific tools and limits. More specifically, the trading portfolio is subject to particular risk control and management procedures as laid down in Deal Life Cycle documents.

Senior management is systematically updated on changes in the Group's commodity risk by the Risk Management Unit, which controls the Group's net exposure. This is calculated centrally on the entire asset and contract portfolio and monitors the overall level of economic risk assumed by the industrial and trading portfolios (Profit at Risk - PaR, Value at Risk - VaR, Stop Loss).

a.2) Commodity derivatives, analysis of transactions

A2A S.p.A. did not enter into any commodity derivative contracts.

a.3) Energy derivatives, assessment of risks

PaR (Profit at Risk)[(1)] is used to assess the impact that fluctuations in the market price of the underlying have on the financial derivatives taken out by A2A S.p.A. that are attributable to the industrial portfolio. PaR is the change in the value of a financial instruments portfolio within set probability assumptions as the result of a shift in the market indices. The PaR is calculated using the Montecarlo Method (at least 10,000 trials) and a 99% confidence level. It simulates scenarios for each relevant price driver depending on the volatility and correlations associated

(1) Profit at Risk: statistical measurement of the maximum potential negative deviation of the margin of an asset portfolio in case of unfavorable market changes over a given time horizon and with a defined confidence interval.

with each one, using as the central level the forward market curves at the balance sheet date, if available. By means of this method, after having obtained a distribution of probability associated with changes in the result of outstanding financial contracts, it is possible to extrapolate the maximum change expected over a time horizon given by the accounting period at a set level of probability. Based on this methodology, the current accounting period, and in the event of extreme market changes, with a 99% confidence level, the expected maximum loss on financial derivatives outstanding at December 31, 2014, is zero (zero loss at December 31, 2013).

This means that A2A S.p.A. expects, with 99% probability, not to undergo changes on the fair value of its financial instrument portfolio at December 31, 2014, due to unfavorable commodity price fluctuations.

b. Interest rate risk

The company's exposure to interest rate risk is mainly related to the volatility of financial charges on its floating-rate debt.

The volatility of financial expenses is managed by the company by selecting a balanced mix of fixed and floating rate loans and by using hedging derivative instruments which limit fluctuations in interest rates.

Bank borrowings and other financing may be analyzed as follows at December 31, 2014:

Millions of euro	December 31, 2014			December 31, 2013		
	Without derivatives	With derivatives	% with derivatives	Without derivatives	With derivatives	% with derivatives
Fixed rate	2,988	3,360	86%	3,274	3,665	87%
Floating rate	897	525	14%	915	524	13%
Total	**3,885**	**3,885**	**100%**	**4,189**	**4,189**	**100%**

The derivatives refer to the following loans:

Loan	Derivative	Accounting
A2A loan with BEI: expiring in 2023, residual balance at December 31, 2014 amounting to 171.4 million euro, at floating rate interest.	Collar due to run until November 2023; fair value at December 31, 2014 was negative for 20.9 million euro.	The loan is measured at amortized cost. The collar is a cash flow hedge, with the effective portion of the hedge recognized in a specific equity reserve.
A2A bond with a nominal value of 761.6 million euro, maturing in 2016 bearing fixed interest at 4.5%.	IRS on the full nominal amount, same duration as the loan; fair value at December 31, 2014 was positive for 45.6 million euro.	Fair value hedge The valuation based on the fair value hedge of the bond loan will be equal to the book value of the financial liability and includes the financial expenses and a portion of the accrual relating to the premium and issue costs. The accumulated changes in the fair value of the risk being hedged, i.e. the interest flow differentials booked to the income statement, are added to this value.
	Collar on 261.6 million euro with same duration as the loan; the fair value at December 31, 2014 was negative for 11.1 million euro.	The collar is measured at fair value through profit or loss.
	Collar on 350 million euro maturing November 2016; at December 31, 2014 the fair value was negative for 9.7 million euro.	The collar is measured at fair value through profit or loss.
	Collar with double cap on 150 million euro expiring in November 2016; fair value at December 31, 2014 was negative for 3.1 million euro.	The collar is measured at fair value through profit or loss.
A2A loan with Cassa Depositi e Prestiti, maturing December 2025, residual balance at December 31, 2014 of 200 million euro, at floating rate.	Collar with double cap with duration to June 2017; at December 31, 2014 the fair value was negative for 4.9 million euro.	The loan is measured at amortized cost. The collar is measured at fair value through profit or loss.

In order to analyze and manage the risks relating to interest rate risk the company has developed an internal model enabling the exposure to this risk to be calculated using the Montecarlo method, assessing the effect that fluctuations in interest rates may have on future cash flows. Under this methodology at least ten thousand scenarios are simulated for each key variable on the basis of the associated volatilities and correlations, using market rate forward curves for future levels. In this way a probability distribution of the results is obtained from which the worst case scenario and best case scenario can be extrapolated using a 99% confidence level.

The following are the results of the simulation with the related maximum variances: (worst case and best case scenarios) for 2015 together with a comparison with 2014:

Millions of euro	FY 2015 (base case: -132.4)		FY 2014 (base case: -120.9)	
	Worst case	***Best case***	***Worst case***	***Best case***
Change in expected cash flows (including hedge flows) Confidence level 99%	**(0.3)**	**0.2**	**(0.5)**	**0.4**

A sensitivity analysis is also provided for potential changes in the fair value of the derivatives on shifting the forward rate curve by +50 bps and -50 bps:

Millions of euro	12 31 2014 (base case: -4.1)		12 31 2013 (base case: +10.9)	
	-50 bps	**+50 bps**	**-50 bps**	**+50 bps**
Change in fair value of derivatives	**(9.6)**	**8.1**	**(5.7)**	**3.4**
(of which cash flow hedges)	**(4.2)**	**3.9**	**(4.5)**	**4.2**
(of which fair value hedges)	**4.0**	**(3.9)**	**12.1**	**(11.9)**

This sensitivity is calculated in order to determine the effect of the change of the forward rate curve on the fair value of derivatives regardless of any impacts on the adjustment due to counterparty risk – bilateral Credit Value Adjustment (bCVA) – introduced in the fair value calculation in accordance with international financial reporting standard IFRS 13, as described in the section “Changes in international accounting standards” in these financial statements.

c. Exchange rate risk not related to commodities

A2A S.p.A. does not consider it necessary at the present time to take out any specific hedges against currency risk for sales, other than that arising from commodity prices, as the amounts involved are quite small and are paid or collected within a short period of time, and any imbalance is immediately offset by a sale or purchase of foreign currency.
The only case of hedging currency risk that was not related to commodities is the fixed rate bullet bond of 14 billion yen with maturity 2036 issued in 2006.
A cross-currency swap contract was stipulated for the entire duration of this loan, which converts the principal and interest payments from yen into euro. This derivative is accounted for as a cash flow hedge, with the effective portion of the hedge being recognized in a specific equity reserve.

At December 31, 2014, the fair value of the hedge was negative 29.8 million euro. This fair value would improve by 17 million euro in the event of a 10% decline in the euro/yen exchange rate (appreciation of the yen) and would fall by 13.9 million euro in the event of a 10% rise in the euro/yen exchange rate (depreciation of the yen).
In this case too, the sensitivity analysis was performed with the aim of calculating the effect of changes in the forward curve of the euro/yen exchange rate on the fair value ignoring any impact on the adjustment due to the bCVA.

d. Liquidity risk

Liquidity risk regards the company's ability to meet its payment commitments through self-financing, funding on the banking and financial markets and available cash.

The company places specific emphasis on a constant control of liquidity risk, ensuring that adequate funds are always available to meet expected commitments for a specific time period as well as a liquidity buffer which is sufficient to meet unexpected commitments.

At December 31, 2014 the company had unused revolving lines of committed credit amounting to 1,050 million euro. In November 2014, the duration of the syndicated revolving credit facility of 600 million euro, signed in April 2013, was extended restoring the original term of five years.

In addition, an agreement for a 15-year loan of 115 million euro was entered with the European Investment Bank during 2014, entirely drawn down at December 31, 2014.

At December 31, 2014, the company also had contracted and unused long-term financing for a total of 7 million euro and cash and cash equivalents totalling 411 million euro.

The company also seeks to diversify the various deadlines for debt and other sources of financing. Of note in this regard is the use of the Euro Medium Term Note Programme for a total of up to 4 billion euro, approved by the Management Board on November 6, 2014.

The following table analyses the worst case for financial liabilities (including trade payables) in which all of the flows shown are undiscounted future nominal cash flows determined on the basis of residual contractual maturities for both principal and interest; they also include the undiscounted nominal flows of derivative contracts on interest rates. Loans are generally included on the basis of their contractual maturity for repayment, whereas revocable loans have been considered redeemable at sight.

FY 2014 *Millions of euro*	**1-3 months**	**4-12 months**	**After 12 months**
Bonds	44	78	3,533
Payables and other financial liabilities	5	89	920
Total financial flows	**49**	**167**	**4,453**
Trade payables	41	-	-
Total trade payables	**41**	-	-

FY 2013 *Millions of euro*	**1-3 months**	**4-12 months**	**After 12 months**
Bonds	14	385	3,649
Payables and other financial liabilities	5	73	1,028
Total financial flows	**19**	**458**	**4,677**
Trade payables	58	3	1
Total trade payables	**58**	**3**	**1**

e. Credit risk

The company's exposure to credit risk is principally linked to its commercial activity. In order to control this risk, which is handled by the credit management function, a credit policy has been implemented to regulate the assessment of customers' credit standing and grant extended credit terms or exceptions if necessary, possibly backed by adequate guarantees.

Counterparties for the management of temporary cash surpluses and for the stipulation of financial hedging contracts (using derivatives) always have a high international credit standing.

The credit terms granted to customers as a whole have a variety of deadlines, in accordance with applicable law and market practice. In cases of delayed payment, default interest is charged as explicitly prescribed by the underlying supply contracts or by current law (application of the default rate as per Legislative Decree no. 231/2002).

Trade receivables are recognized on the balance sheet net of any write-downs. It is felt that the amount shown provides and accurate representation of the fair value of the trade receivables portfolio.

The situation can be understood better with the aid of the following analysis of gross trade receivables and the related bad debt provision.

Thousands of euro	**12 31 2014**	**12 31 2013**
Trade receivables from third parties (gross)	5,453	15,842
Bad debt provision (-)	(4,675)	(5,865)
Trade receivables from parent entities	16,125	25,488
Trade receivables from subsidiaries	198,005	117,916
Trade receivables from associates	4,551	4,152
Trade receivables	**219,459**	**157,533**
Of which:		
Receivables past due for 9-12 months	**2,559**	**685**
Receivables past due for more than 12 months	**7,540**	**6,319**

Trade receivables past due for more than 12 months amounted to 7,540 thousand euro. The bad debts provision represents the estimated amount of receivables that the company is unlikely to collect.

f. Equity risk

A2A S.p.A. was not exposed to equity risk at December 31, 2014.

At December 31, 2014, A2A S.p.A. held 26,917,609 treasury shares, representing 0.859% of the share capital consisting of 3,132,905,277 shares.

As prescribed by IAS/IFRS, treasury shares do not constitute an equity risk as their purchase cost is deducted from equity, and even if they are sold any gain or loss on the purchase cost does not have any effect on income statement.

g. Default risks and covenants

A summary is provided below on bank borrowings and amounts due to other lenders (excluding subsidiaries and associates) excluding financial payables relating to derivatives:

Thousands of euro	Book value 12 31 2014	Portion due within 12 months	Portion due after 12 months	Portion due by 12 31 2016	12 31 2017	12 31 2018	12 31 2019	After
Bonds	2,988,521	-	2,988,521	809,882	-	-	748,257	1,430,382
Bank loans	896,792	77,651	819,141	77,271	77,529	75,951	80,876	507,514
TOTAL	**3,885,313**	**77,651**	**3,807,662**	**887,153**	**77,529**	**75,951**	**829,133**	**1,937,896**

At December 31, 2014, A2A S.p.A. had bonds to the public for a total nominal value of 2,512 million euro as follows: 762 million euro falling due in November 2016; 750 million euro falling due in November 2019; 500 million euro falling due in January 2021; and 500 million euro falling due in January 2022.

A2A S.p.A. has also issued a bond of 14 billion yen falling due in 2036, in the form of a private placement, and a bond of 300 million euro falling due in December 2023 as part of the EMTN Programme.

The terms and conditions of these bond issues are in line with the market standard for this type of financial instrument.

All the bonds issued by A2A S.p.A. as part of the EMTN Programme (amounting in total to 2,050 million euro at December 31, 2014) contain a change of control put clause in favor of investors for any changes in control which lead to a resulting downgrading of the rating to sub-investment grade in the following 180 days. If the rating returns to investment grade within the 180-day period the put option is not exercisable.

The private bond in yen falling due in 2036 and the relative cross-currency swap derivative contain a put right clause in favor of the investor (and in favor of the financial counterparty to the derivative) which triggers if the rating falls below BBB- or equivalent level (sub-investment grade).

The loan agreements entered into with the European Investment Bank contain a credit rating clause guarding against a rating of below BBB- or equivalent level (sub-investment grade). In the event of a change in control of A2A S.p.A., the loan agreements entered into with the European Investment Bank falling due after 2024 (a total of 473 million euro at December 31, 2014) grant the bank the right to invoke early repayment of the loan on providing notice to the company containing an explanation of the underlying reasons.

The agreement entered into by A2A S.p.A. with UniCredit S.p.A., brokered by the EIB, for which the term of the loan having an outstanding balance of 25 million euro at December 31, 2014 expires in June 2018, includes a credit rating clause that requires the company to maintain an investment grade rating throughout the duration of the loan. In the event of non-compliance there are a number of annual covenants to be respected based on the ratios of debt to equity, debt to gross operating income and gross operating income to interest expense.

A credit rating clause contained in the agreement with Cassa Depositi e Prestiti (the state investment bank) for a loan originally of 200 million euro falling due in 2025 also comes into effect in the event of a rating below investment grade (BBB-).

As stated above, A2A S.p.A. has obtained a number of revolving committed lines of credit from various financial institutions for a total of 1,050 million euro which are not subject to any covenants, with the exception of the revolving credit line (currently not drawn) entered into by A2A S.p.A. in April 2013 for a total of 600 million expiring November 2019 for which a covenant based on the ratio between the net financial position and EBITDA must be complied with. A change-of-control clause is included in this credit line that entitles the banking syndicate to demand, in case of a change of control of the company that causes a material adverse effect, the extinction of the facility and early repayment of any amounts drawn.

The following can be found in the agreements for the bond loans, the loans mentioned above and the lines of revolving committed credit: (i) negative pledge clauses under which A2A S.p.A. undertakes not to pledge, with exceptions, guarantees on its assets or those of its directly held subsidiaries over and above a specific threshold; (ii) cross- default/acceleration clauses which entail immediate reimbursement of the loans in the event of serious non-performance; and (iii) clauses that provide for immediate repayment in the event of declared insolvency on the part of certain directly held subsidiaries.

As things currently stand, there has been no default and no breach of the financial covenants on the part of A2A S.p.A..

Analysis of forward transactions and derivatives

Tests were performed to determine whether these transactions qualify for hedge accounting in accordance with International Accounting Standard IAS 39. In particular:

1) transactions qualifying for hedge accounting under IAS 39 can be analyzed between transactions to hedge cash flows (cash flow hedges) and transactions to hedge fair value of assets and liabilities (fair value hedges). For the cash flow hedges, the accrued result is included in gross operating income when realized on commodity derivatives and in the financial balance for interest rate and currency derivatives, whereas the future value is

shown in equity. For fair value hedge transactions, the impacts in the income statement are cancelled within the same line of the financial statements;

2) transactions not considered as hedges for the purposes of IAS 39, can be:
    a. margin hedges: for all hedging transactions that meet internal risk policy compliance requirements, the accrued result and future value are included in gross operating income for commodity derivatives and in the financial balance for interest rate and currency derivatives;
    b. trading transactions: the accrued result and future value are recognized above gross operating income for commodities transactions and in financial income and expense for interest rate and currency transactions.

The use of derivatives is governed by a coordinated set of procedures (Energy Risk Policy, Deal Life Cycle) which are based on industry best practices and designed to limit the risk of the Group being exposed to commodity price fluctuations, based on a cash flow hedging strategy.

Outstanding derivatives at December 31, 2014 are measured at fair value based on the forward market curve at the balance sheet date if the underlying of the derivative is traded on markets that have a forward pricing structure. In the absence of a forward market curve, fair value is measured on the basis of internal estimates using models that refer to industry best practices.

A2A S.p.A. uses "continuous-time" discounting to measure fair value. As a discount factor, it uses the interest rate for risk-free assets, identified in the Euro Overnight Index Average (EONIA) rate and represented in its forward structure by the Overnight Index Swap (OIS) curve. The fair value of the cash flow hedges has been classified on the basis of the underlying derivative contracts in accordance with IAS 39.

In compliance with the provisions of IFRS 13, the fair value of an over-the-counter (OTC) financial instrument is determined taking into account the non-performance risk. To quantify the fair value adjustment attributable to this risk, A2A S.p.A. has, in line with best market practices, developed a proprietary model called the "bilateral Credit Value Adjustment" (bCVA), which takes into account changes in the creditworthiness of the counterpart as well as the changes in its own creditworthiness.
The bCVA has two addends, calculated by considering the possibility that both counterparties go bankrupt, known as the Credit Value Adjustment (CVA) and the Debit Value Adjustment (DVA):

- the CVA is a negative component and contemplates the probability that a counterparty defaults and, at the same time, A2A S.p.A. has a claim against the counterparty;
- the DVA is a positive component and contemplates the probability that A2A S.p.A. defaults and, at the same time, a counterparty has a claim against A2A S.p.A..

The bVCA is thus calculated with reference to the exposure, measured on the basis of the market value of the derivative at the time of default, to the probability of default (PD) and the Loss Given Default (LGD). This latter item, which represents the non- recoverable portion of the receivable in the case of default, is measured on the basis of the IRB Foundation Methodology as stated in the Basel 2 accords, whereas the PD is measured on the basis of the rating of the counterparties (internal rating based where not available) and the historic probability of default associated with this and published annually by Standard & Poor's.

Applying the above method did not result in significant changes in fair value measurements.

Instruments outstanding at December 31, 2014

A) On interest and exchange rates

The following analyses show the outstanding amounts of derivative contracts stipulated and not expired at the balance sheet date, by maturity.

Thousands of euro	Notional value (a) expiry within 1 year		Notional value (a) expiry between 1 and 5 years		Value notional (a) expiry over 5 years	Value Situation balance sheet (b)	Effect progressive on income statement at 12 31 2014 (c)
	to be received	to be paid	to be received	to be paid			
Interest rate risk management							
- cash flow hedges as per IAS 39		19,048		76,190	76,190	(20,898)	
- not considered hedges as per IAS 39		18,182		788,864 (d)		16,801 (e)	16,801 (e)
Total derivatives on interest rates	**-**	**37,230**	**-**	**865,054**	**76,190**	**(4,097)**	**16,801**
Exchange rate risk management							
- considered hedges as per IAS 39 on commercial transactions on financial transactions					98,000	(29,753)	
- not considered hedges as per IAS 39 on commercial transactions on financial transactions							
Total exchange rate derivatives	**-**	**-**	**-**	**-**	**98,000**	**(29,753)**	**-**

(a) Represents the sum of the notional value of the elementary contracts that derive from any dismantling of complex contracts.
(b) Represents the net receivable (+) or payable (-) recognized in the balance sheet after measuring the derivatives at fair value.
(c) Represents the adjustment of derivatives to fair value recognized progressively over time in the income statement from the stipulation of the contract to the present day.
(d) Derivative instruments with the 762 million euro bond maturing at 2016, inclusive of an IRS with a notional amount of 762 million euro, without effects on income, following measurement at fair value, and three collars with an overall notional amount of 762 million euro not considered hedges as per IAS 39.
(e) Includes the effect on collars, with a total notional amount of 762 million euro, not considered as hedges according to IAS 39.

B) On commodities

As at December 31, 2014, there were no outstanding commodity derivatives.

C) Investments

At December 31, 2014, there is a derivative linked to the option contract between A2A S.p.A. and Società Elettrica Altoatesina S.p.A. (SEL) concerning a part of the shares of Edipower S.p.A., for 13,732 thousand euro.

Financial and operating results for derivative transactions in 2014

The following table shows the balance sheet figures at December 31, 2014, for derivative transactions.

Thousands of euro	Notes	Total
ASSETS		
NON-CURRENT ASSETS		**34,476**
Other non-current assets - Derivatives	5	34,476
TOTAL ASSETS		**34,476**
LIABILITIES		
NON-CURRENT LIABILITIES		**82,058**
Other non-current liabilities - Derivatives	19	82,058
TOTAL LIABILITIES		**82,058**

Economic data

The following table includes an analysis of the economic results for the year just ended relating to the management of derivatives as well as the effects of the fair value option applied on the bond from January 1, 2005.

Thousands of euro	Realized	Change in fair value during the year	Booked to income statement
31) FINANCIAL BALANCE			
Interest rate and equity risk management of which:			
FINANCIAL INCOME			
Gains on derivatives			
- considered hedges as per IAS 39	-	-	-
- not considered hedges as per IAS 39	10,925	1,636	12,561
Total gains on derivatives	**10,925**	**1,636**	**12,561**
FINANCIAL EXPENSE			
Charges on derivatives			
- considered hedges as per IAS 39	(4,921)	-	(4,921)
- not considered hedges as per IAS 39	(1,839)	(14,670)	(16,509)
Total charges on derivatives	**(6,760)**	**(14,670)**	**(21,430)**
TOTAL BOOKED TO FINANCIAL BALANCE	**4,165**	**(13,034)**	**(8,869)**

Classes of financial instruments

To complete the analyses required by IFRS 7 and IFRS 13, the following table sets out the various types of financial instrument that are to be found in the various balance sheet items, with an indication of the accounting policies used and, in the case of financial instruments measured at fair value, an indication of where changes are recognized (income statement or equity). The last column of the table shows the fair value of the instrument at December 31, 2014, where applicable.

Thousands of euro	Criteria to measure the reported amount of financial instruments							
	Notes	Financial instruments measured at fair value with changes recognized in:			Financial instruments measured at amortized cost	Share-holdings / Securities convertible into unlisted shareholdings measured at cost	Book value at 12 31 2014	Fair value at 12 31 14 (*)
		Income statement	Balance Sheet					
		(1)	(2)	(3)	(4)	(5)		
ASSETS								
Other non-current financial assets:								
Shareholdings / Securities convertible into shareholdings								
available for sale of which:								
- unlisted				4,171			4,171	n.d.
- listed							-	-
Financial assets held to maturity					96		96	96
Other non-current financial assets					402,075		402,075	402,075
Total other non-current financial assets	3						**406,342**	
Other non-current assets	5	34,476			452		34,928	34,928
Trade receivables	7				219,459		219,459	219,459
Other current assets	8				41,864		41,864	41,864
Current financial assets	9				730,269		730,269	730,269
Cash and cash equivalents	11				410,501		410,501	410,501
Assets held for sale							-	-
LIABILITIES								
Financial liabilities								
Non-current bonds (**)	16	809,882			2,178,639		2,988,521	2,988,521
Other non-current and current financial liabilities	16 e 21				1,374,601		1,374,601	1,374,601
Other non-current liabilities	19	31,407	50,651		24		82,082	82,082
Trade payables	20				122,949		122,949	122,949
Other current liabilities (***)	20				158,495		158,495	158,495

(*) The fair value has not been calculated for receivables and payables not related to derivative contracts and loans as the corresponding carrying amount is a good approximation to this.
(**) Including accrued interest
(***) Net of VAT debit of 20,930 thousand euro.
(1) Financial assets and liabilities at fair value through income statement.
(2) Hedging derivatives (Cash flow Hedges).
(3) Available-for-sale financial assets measured at fair value with gains/losses recognized in equity.
(4) Loans & receivables and financial liabilities valued at amortized cost.
(5) Available-for-sale financial assets consisting of unlisted shareholdings whose fair value is not reliably measurable are measured at the lower of cost less any impairment losses and fair value.

Fair Value hierarchy

IFRS 7 and IFRS 13 require that fair value classification of financial instruments to be based on the quality of the input source used to calculate the fair value.

In particular, IFRS 7 and IFRS 13 set out three levels of fair value:
- level 1: this level includes the financial assets and liabilities for which fair value is based on (unmodified) prices quoted for similar instruments on active official or over-the-counter markets;
- level 2: this level includes the financial assets and liabilities for which fair value is based on directly observable market inputs other than Level 1 inputs;
- level 3: this level includes the financial assets and liabilities for which fair value is calculated using inputs not based on observable market data. This level includes instruments measured on the basis of internal estimates made using proprietary methods based on best sector practice.

The following table provides a breakdown of the assets and liabilities in the different levels of fair value.

Thousands of euro	Note	Level 1	Level 2	Level 3	Total
Assets available for sale measured at fair value	3		4,171		4,171
Other non-current assets	5		34,476		34,476
TOTAL ASSETS		-	**38,647**	-	**38,647**
Non-current financial liabilities	16		809,882		809,882
Other non-current liabilities	19		68,326	13,732	82,058
TOTAL LIABILITIES		-	**878,208**	**13,732**	**891,940**

5) Concessions

The following table sets out the main concessions obtained by A2A S.p.A.:

	Number
Hydroelectric concessions	20
Urban lighting and traffic light network management agreements	13
Other concessions	3

6) Update of the main legal and tax disputes still pending

Adequate provisions are provided where necessary for the disputes and litigation described below.

EC infringement procedure

On June 5, 2002, the European Commission published Decision no. 2003/193/EC stating that the three-year exemption from income tax provided by article 3.70 of Law no. 549/95 and article 66.14 of Decree Law no. 331/1993, converted into Law no. 427/93, is incompatible with community law, considering this to be "State aid" which is prohibited by article 87.1 of the EC Treaty.

The Company appealed against this decision before the community jurisdictions but these appeals were rejected. The Italian State went ahead with the recovery of the aid in three separate stages, issuing different orders for the various tax period concerned.

The process followed by the various community and national appeals was described in the financial statements up until 2012 and in the quarterly reports up until the third quarter of 2013, to which reference is made for brevity. All the amounts requested for the principal and interest have been settled to avoid any executive action.

The situation regarding pending matters is as follows:

- Sentence regarding the First recovery. The verdict has been finalized following the sentence of the first instance rejecting the Company's appeal.
- Sentence regarding the Second recovery. Following the adverse sentence of the Regional Tax Commission the Company filed an appeal with the Supreme Court. The case is awaiting discussion.
- Sentence regarding the Third recovery. Following the adverse sentence of the Regional Tax Commission the Company filed an appeal with the Supreme Court. The appeal was discussed on November 14, 2013 before the Tax Section. By way of an ordinance published on February 13, 2014, the court suspended the case and ordered that the records be passed to the European Court of Justice, raising a question of a preliminary ruling pursuant to article 267 of the Treaty of the Functioning of the European Union concerning the way in which the interest due on the recovery of the aid should be calculated. The Company has made an appearance before the court and filed a brief; the Italian State and the European Commission have done the same, taking a position in opposition to the Company. The related proceeding has been registered under number C-89/14 has reached the written stage; assuming it reaches a court verdict, which appears likely, it is not expected to be resolved before mid-2015.

As of today, therefore, the question concerning the quantification of the interest due on the amounts to be recovered is still pending (whether the interest is compound or simple interest). On this point an opinion has been requested of the EU Court of Justice and it is considered that the result of this will affect the proceedings on both the third and the second recovery. As all the amounts requested have been settled, it is believed that once the pending disputes are completed the Company should not have to bear any further costs for the recovery of State aid.

Consul Latina / BAS S.p.A. (now A2A S.p.A.)

The purchase by BAS S.p.A. of the investment in HISA was made through a local consultant, Consul Latina.

As the wording of the contract was not totally clear and because BAS S.p.A. on its own did not buy 100% of HISA, BAS S.p.A. held that the contractual clause was not applicable and that the payment request made by Consul Latina was unjustified, and accordingly did not pay the fee due to Consul Latina which in 1998 commenced legal action for payment.

Legal counsel has confirmed that the preliminary phase has been completed and that only the final sentence is awaited.

A2A S.p.A. has always instructed legal counsel to settle the case and has recently expressed its willingness to increase previous offers to cover the costs of the suit, although awaiting a specific figure that can then be assessed, also showing its availability to listen to and consider incremental requests. To date, specific requests are pending, considering that the Court urged the parties to find a settlement solution in recent months. Redengas, a subsidiary of HISA, the shares of which are subject to a lien by Consult Latina, has filed a new suit to call for the removal of the lien on the shares that remains in Consul Latina's favor; legal counsel has advised that the legal counsel of Redengas has announced that it will file a counter suit against A2A S.p.A. and Consul Latina, but several months later this has still to be notified. On June 3, 2014 the court rejected the suit filed by A2A S.p.A. and Consul Latina to remove the sequestration ordered by the judge at the request of Consul Latina on the present and future shares of Redengas, and A2A S.p.A. has filed an appeal.

Investigation into gas metering devices

An investigation is pending at the Public Prosecutor's Office in Trento concerning the way that gas consumption is accounted for. The investigation involves, among others, a number of A2A Group companies and some of their directors and managers. The alleged offence is fraud, as well as other matters.

The investigation was initiated by the Milan Judicial Authority but then transferred to Brescia for a question of territorial jurisdiction. After notification of the “Notice of the Conclusion of Preliminary Investigations – article 415-bis of the Italian Criminal Procedure Code” dated February 7, 2011, the “Notice of the Preliminary Hearing Date” was received on June 9, 2011 regarding the committal for trial presented by the Public Prosecutor. The preliminary hearing was held before the judge in charge of the preliminary investigations (Gip) in Brescia on November 8, 2011. The defense for the accused raised a preliminary exception claiming that the notification of the decree containing the “Notice of the Preliminary Hearing Date” was null and void, given that it did not include the CD with the list of “indicted” meters indicated in the decree as an “attachment forming a material part of the charge”. The Gip upheld the exception and declared the notification null and void. As a result, the Public Prosecutor had to reissue the “Notification of the Conclusion of Preliminary Investigations – article 415-bis of the Italian Criminal Procedure Code” and return to the previous stage in the proceedings. On January 4-9, 2012, the “Notification of the Conclusion of Preliminary Investigations – article 415-bis of the Italian Criminal Procedure Code” was reissued, this time with the CD.

The preliminary hearing was held on October 18, 2012. The preliminary hearing was held on October 18, 2012, at which the judge raised a preliminary exception pursuant to article 11 of the criminal procedure code noting that at least two magistrates, whose judicial offices are included within the district of the Brescia Appeal Court, are “injured parties” in the proceeding and asked the judge in charge of the preliminary hearing (Gup), Dr. Napo, to declare that the Brescia judicial authority was acting beyond its jurisdiction. The defense agreed with the application. The Gup therefore declared that the case was beyond his jurisdiction and ordered the papers to be sent to the Public Prosecutor’s Office of Venice. As a result of this provision the proceeding has returned to the initial stage.

However, as A2A Reti Gas S.p.A. had to carry out maintenance on certain plants sequestered as part of the criminal proceeding in question, checks were carried out to identify the prosecuting magistrate in charge of the case at the Public Prosecutor’s Office of Venice. It was learned from this that without giving notice of such to any of the attorneys of the persons under investigation or to those persons themselves, in the meantime the proceeding had been transferred from the Public Prosecutor’s Office of Venice (which presumably recognized a similar case of lack of competence) to that of Trento, having territorial competence for the proceedings in which a magistrate from the Public Prosecutor’s Office of Venice assumes the role as the “injured party”. On June 10 and 23, 2014 the Prosecutor’s Office of Trento served notice that the preliminary investigations had been completed as per article 415-bis of the Italian Criminal Procedure Code. On September 16, 2014 the decree was served setting December 11, 2014 as the date of the preliminary hearing before Judge

Ancona. After said hearing, the case was adjourned to February 19, 2015. At this hearing, the Gup has ruled sentence declaring not to proceed against all defendants (both individuals and legal entities) as their crimes are extinct due to prescription.

Arbitration initiated by S.F.C. S.A. and Eurosviluppo Industriale S.p.A. against A2A S.p.A. and E.ON Europa S.L. for alleged non-fulfillment of the private deed for the purchase of the shares of Eurosviluppo Industriale S.p.A. (now Ergosud S.p.A.)

On May 2 and May 3, 2011 respectively, the Milan Arbitration Chamber sent A2A S.p.A. (the holder of an interest of 50% in the share capital of Ergosud S.p.A.) and E.ON Europa S.L. a request for arbitration in which Société Financiere Cremonese S.A. in conjunction with Eurosviluppo Industriale S.p.A. initiated an arbitration procedure against such companies, requesting (i) ascertainment as to non-fulfillment by E.ON Europa S.L. and A2A S.p.A. of the obligations assumed in the agreements of December 16, 2004, October 15, 2004 and July 25, 2007 inter partes and (ii) by virtue of the effect, that they be ordered to pay the remaining part of the price for the sale of the shares making up the whole share capital of Ergosud S.p.A., amounting to 10,000,000 euro, as well as compensation for the damages suffered by Société Financiarie Cremonese S.A. and Eurosviluppo Industriale S.p.A. from the double standpoint of the consequential loss or damage and loss of profits in the amount of 126,496,496 euro, save better specification, plus damages for the stoppage at the worksite, interest and revaluation.

E.ON Europa S.L. and A2A S.p.A. duly appeared before the court calling for the request to be rejected in full and by cross-claim calling for the counterparties to be condemned to pay compensation for the damages suffered by the defendants as the result of the numerous examples of contractual non-fulfillment, quantified initially in the amount of 30,500,000 euro, or alternatively the greater or lesser sum considered equitable, quantified also pursuant to article 1226 of the Italian civil code, plus interest, ex article 1283 of the Italian civil code, and monetary revaluation, ex article 1284 of the Italian civil code.

On September 7, 2011, the Chamber of Arbitration officially suspended arbitration due to the non-payment of the legal expenses by the claimant.

Lawyers for A2A S.p.A. and E.ON Europa S.L. have checked whether arbitration can be continued only for the counter-claim without having to take responsibility for the payment of the claimant’s expenses.

With regard to payment of the legal fees by defendants A2A S.p.A. and E.ON Europa S.L., and the non-payment by claimants S.F.C. S.A. and Eurosviluppo Industriale S.p.A., on December 2, 2011 the secretary of the Chamber of Arbitration communicated that the claimants’ applications had been extinguished and proceedings would continue only for the applications presented by A2A S.p.A. and E.ON Europa S.L.; in simultaneous letters, the secretary also advised that all documentation had been sent to the arbitrators to allow the proceedings to commence.

The Board is composed of Lawyer Prof. Giuseppe Portale (chairman), Lawyer Prof. Vincenzo Mariconda (arbitrator identified by A2A S.p.A. and E.ON Europa S.L.) and Lawyer Giovanni Frau (arbitrator identified by S.F.C. S.A. and Eurosviluppo Industriale S.p.A.).

On February 1, 2012 the first hearing was held after formalities had been completed regarding the setting up of the Board at which it was stated that the terms for the questions originally proposed by S.F.C. S.A. and Eurosviluppo Industriale S.p.A. had lapsed. In addition, the parties were assigned the dates by which pleading and replies should be filed and items of evidence produced. In particular, having become claimants from a substantial standpoint (wishing to continue with the case by counter-claim following the above-mentioned lapse of the counter-party's terms), E.ON Europa S.L. and A2A S.p.A. were invited to note their questions and indicate their evidence by March 15, 2012; the subsequent dates for filing pleading were set as April 16, 2012, May 8, 2012 and May 31, 2012.

The date of the hearing for the personal appearance of the parties was set for June 12, 2012 in order to make an attempt at reaching a settlement and for any informal questioning. At the hearing, adjourned to June 19, 2012, the Arbitration Board acknowledged the bankruptcy of Eurosviluppo Industriale S.p.A. which had occurred and set a date of October 30, 2012 for the appointment of a receiver and a date of November 20, 2012 for the hearing for the attempt to reach a settlement and carry out any informal questioning of the parties.

In view of the intervening bankruptcy of Eurosviluppo Industriale and the process issues raised during such declaration, the Board issued a decision dated November 13, 2012 ordering that the hearing set for November 20, 2012 should not be devoted to an attempt at reaching a settlement and, therefore, would not include the presence of the parties. At the hearing on November 20, 2012, the Board set the deadline for filing the award as July 4, 2013; also, the deadlines for the parties to file briefs were set as December 20, 2012 and January 31, 2013, and February 20, 2013 was set for the hearing date for discussion, to be held at the office of the Chairman of the Board. At the hearing of February 22, 2013 (the hearing was adjourned from February 20 to February 22 due to a commitment of the Chairman of the Arbitration Board), the Board issued an order requesting A2A S.p.A. and E.ON Europa S.L. to add to their respective attorneys to remedy all possible defects by March 20, 2013, and set March 20, 2013 and April 5, 2013 as the new final dates for the filing of briefs and replies to clarify and explain their respective positions. Subsequent to these obligations, the Board reserved the right to issue an order. On June 5, 2013, the Board filed an order in which it set July 22, 2013 as the date of the hearing for an attempt to reach a settlement and for questioning by the parties; given the deadline of July 4, 2013 previously set for the filing of the decision, the Board made an application to the Chamber for the granting of a reasonable extension.

At the end of the hearing of July 22, 2013, in which the questioning by the parties took place and the absence of the conditions for reaching a settlement was confirmed, the Chamber set a deadline of September 30, 2013 for filing documents and drawing up preliminary motions and October 21, 2013 for any submissions in reply from the lawyers. On October 2, 2013 the Chamber of Arbitration noted that S.F.C. S.A. and the bankruptcies had not paid the contributions requested in July and as of today the proceeding is suspended. On October 22, 2013, S.F.C. S.A., in breach of the terms of the arbitration and the question raised by the Arbitration Board, filed an appraisal arranged on its behalf having technical content. In a decision on November 27, 2013, the Board ordered an expert witness to verify the co- generation capabilities of the plant and appointed as the expert witness Prof. Eng. L. Guizzi. The company appointed Prof. Massardo as its own expert witness, S.F.C. S.A. Prof. Ambrogio and Eng. Lazzeri. After the hearing of January 22, 2014 for formalities relating to the appointment of the expert witnesses, the Board set a deadline of June 16, 2014 for the filing of the related report. The report was filed within the legal terms and contained confirmation of the arguments of A2A S.p.A. and E.ON Europa S.L.. The continuation of the arbitration may be affected by the fact the S.F.C. S.A., Eurosviluppo Industriale S.p.A. and Consorzio Eurosviluppo S.c.a.r.l. have failed to pay the arbitration fees: the judgment of the Chamber of Arbitration is pending. On February 4, 2015, the Arbitration Board set new terms for the expert witness and the parties for replies following the filing of a further technical brief of S.F.C. to then set the hearing for April 23, 2015. The Chamber of Arbitration ordered the postponement of the deadline for filing the award. On September 18, 2014, in order to interrupt the period of limitation the receiver in charge of the bankruptcy of Eurosviluppo Industriale S.p.A. sent a demand for the payment of the last installment of the price together with all the other sums activated as part of the arbitration. The letter lacks foundation and legal counsel is preparing a reply.

Consorzio Eurosviluppo S.c.a.r.l. / Ergosud S.p.A. + A2A S.p.A. – Civil Court of Rome

On May 27, 2011 Consorzio Euroviluppo Industriale S.c.a.r.l. served a writ on Ergosud S.p.A. and A2A S.p.A. with the following claims: (i) compensation for damages, of both a contractual and extra-contractual nature, jointly, or alternatively exclusively and separately, in the amount of 35,411,997 euro (of which 1,065,529 euro as the residual portion of their share of the expenses); (ii) compensation for damages for the stoppage at the worksite and the failure to return the areas of pertinence to the Consortium.

In the filing of appearance Ergosud S.p.A. and A2A S.p.A. called for the request to be rejected in full because it is unfounded in its merit and in its substance, and pointed out: (i) the lack of the right of the Consortium to institute proceedings as it is currently in a state of bankruptcy, (ii) the lack of the right of the Consortium to institute proceedings for the damages allegedly suffered by Fin Podella at the item "anticipation of program contract" for 6,153,437 euro and the damages allegedly suffered by Conservificio Laratta S.r.l. for 359,000 euro.

The first hearing was fixed for October 30, 2011. This case has been assigned to the Second Civil Section of the Court, Single Judge Mr. Lorenzo Pontecorvo. The first appearance hearing was set for November 30, 2011 and the judge deferred decision concerning the legitimacy of the failed Consortium to establish a case.

On this occasion Ergosud S.p.A. and A2A S.p.A. were not able to make any cross-claims as the competence for this lies with the bankruptcy judge.

S.F.C. S.A. filed a notice of joinder on November 8, 2011 pursuant to article 105 Code of Civil Procedure (which allows a third party to make a new, different request to the original judge, extending the argument) and called that Ergosud S.p.A. alone should be ordered to pay damages, in part similar to those claimed by the Consortium, quantified in 27,467,031 euro.

The legitimation of S.F.C. S.A. is independent with respect to that of the Consortium, the original claimant, and should it be found that the request of the Consortium may not proceed further for lack of grounds (or because of the bankruptcy that has occurred), the judgment would continue between S.F.C. S.A. and Ergosud S.p.A.. In this scenario, A2A S.p.A. could ask to be excluded since no request would have been raised against the company, but for the purpose of simplicity the judge would probably remit the question to the final sentence.

Within the term set for the first hearing the lawyers formulated conclusions on behalf of Ergosud S.p.A. in respect of the request made by S.F.C. S.A., then counter-claiming in a more complete manner in the subsequent preliminary pleading pursuant to article 183, section VI of the civil procedure code.

The judge found the bankruptcy was legitimate as S.F.C. S.A. and therefore set the end of the proceedings and the hearing for December 19, 2012, declaring the need to execute an expert opinion on a number of points, indicating the questions to put to the expert and setting May 23, 2013 as the date for the hearing to appoint the court's expert witness. At that hearing the judge, changed in the meantime, confirmed the questions already formulated on December 19, 2012 and appointed the court experts Messrs. Pompili and Caroli, setting a term for the parties to appoint their own consultants. The start of the experts' work was scheduled as June 18, 2013, with a deadline of 180 days after that date. A2A S.p.A. and Ergosud S.p.A. appointed Prof. Massardo and Eng. Mr. Gioffrè as their experts, persons who over the years have already drawn up reports on the matters to which the questions refer. The deadline for the expert's filing was postponed. The court experts Messrs. Pompili and Caroli submitted their reports within the term set for their observations, confirming the defensive reasoning of Ergosud S.p.A. and A2A S.p.A.; the parties' experts had until June 30, 2014 to submit their observations and their reports were filed with the court on July 31, 2014. The hearing date for examination of the adjuster's report was set for January 22, 2015, then postponed to April 1, 2015; during this hearing, the hearing for conclusions has been scheduled for November 30, 2016.

Monfalcone Plant investigation

In November 2011, the Trieste Judicial Authority took restrictive action against several individuals in the Veneto, Friuli Venezia Giulia and Lombardy regions, including an employee of the Monfalcone thermoelectric plant, for criminal association aimed at defrauding the state and private persons and conceptual falsity, as well as activities organized for illegal trafficking in waste.

This investigation was initiated with a report filed in March 2011 by the management of the A2A Group against A2A employees and third party businessmen suspected of being responsible for fraud carried out to the harm of the company itself, who - for the payment of conspicuous sums of money - guaranteed the disposal of special waste by illegal trafficking and the falsification of forms identifying the waste and certificates of analysis, in relation to the supply of biomasses and the certification of their calorific value. More specifically, biomass quantities were recorded on entry at figures higher than the real ones, with the relative calorific values also being increased.

A2A S.p.A., the owner of the production site, ordered the precautionary suspension of the employee concerned and a freezing of the payments of the invoices issued by the biomass suppliers, which, to its knowledge, are involved in the investigations.

The investigation initiated by the Trieste Judicial Authority has not yet been completed and therefore the information needed to determine the effect of any illegal conduct has not yet been made available. Nevertheless the A2A Group, and in particular A2A Trading S.r.l., may incur damages, at its sole expense, arising from the qualitative and quantitative differences in the biomasses, since there is the risk for the latter, as toller and in charge of the plant's dispatch, that on the completion of the preliminary stage it may incur increased costs for the biomasses not delivered and increased costs for incorrectly stating the calorific value of the biomasses, delivered and not delivered.

To this should be added that the increased use of coal instead of biomasses could have as a consequence an increase in the environmental costs relating to the second half of 2009 and the whole of 2010, as well the need to reimburse the additional income or environmental allowances recognized with respect to the real income or allowances (the reference here is to Green Certificates). In fact for 2009 and 2010 the company may have filed declarations generating environmental allowances that are greater than those actually produced, as the calculation may have been affected by considering a biomass energy to conventional source energy ratio that is mistakenly higher than the real figure.

If this were the case, the company would have to file corrections to the above-mentioned past declarations and reimburse the income relating to environmental allowances that may have additionally been recognized.

Further, in accordance with the procedures and modalities required, A2A Trading S.r.l. has filed a request with the GSE to obtain Green Certificates relating to 2011 in which the calculation has been made on the basis of the real quantities of biomasses delivered to the power station and, in agreement with the Public Prosecutor, by taking into account a possible false increase of 20% in the calorific values of such. Despite the fact that the GSE has acknowledged the correctness of the calculations made by A2A Trading S.r.l. for 2011, as of today the above-mentioned 2011 Green Certificates have not yet been issued.

It was notified that the investigation had been completed. After a previous postponement, the preliminary hearing was held on February 6, 2015.

At the moment, there is no information to identify the effects on the financial statements of the company of any proven illegal conduct on the part of biomass suppliers of the plant. A2A Trading S.r.l. and A2A S.p.A. conferred mandate to establish a civil party in the proceedings.

ASM Novara S.p.A. dispute

The shareholder Pessina Costruzioni and the outgoing directors Massimo Pessina and Guido Stefanelli served notice of the summons to have the court declare null the resolution of October 26, 2012 with which the Board of Directors of the company certified the existence of reasons to liquidate the company, pursuant to article 2484 of the Italian civil code, ordered publication of the resolution pursuant to article 2484 and issued a request to appoint the official receiver at the Court of Brescia pursuant to article 2487 of the Italian civil code.

The petition examines the motives illustrated in the memorandum of appearance in the civil action filed by Pessina Costruzioni and by its outgoing directors Massimo Pessina and Guido Stefanelli, noting the errors of irregularity in the composition of the Board of Directors passing the resolution and the errors in the certification of the causes of liquidation, which allegedly did not exist.

After a series of hearings and the filing on June 18, 2013 of the court order scheduling a hearing for September 19, 2013 after pronouncing a motivated rejection of the appeal, also due to the existence of the decree of the Court of Appeal in the meantime appointing the liquidator, which accordingly ascertained the existence of the cause for dissolution denied by the plaintiff, the case continued with the assignment to the parties of the legal time periods for filing briefs and deferred the hearing to January 16, 2014; at that hearing the judge order the personal appearance of the parties in order to verify the existence of an interest in the pronouncement, also in the light of the additional events, and to this end set the date of the hearing as April 15, 2014 (then deferred to May 20, 2014 at the request of the parties). At this hearing the parties summarized the status of the liquidation and the judge acknowledged the irreconcilable conflict existing between the shareholders that would make it likely that the situation of deadlock to be found in shareholders' meetings up until the liquidation would be repeated, a situation confirmed by the failure of the shareholders to approve the company's financial statements for 2011, 2012 and 2013. A hearing was set for July 17, 2014 with the request made to the parties to identify a means of settlement. Following an illustration of the opposing arguments of the parties, which led to the failure to arrive at a settlement, at the hearing the judge proposed a brief adjournment, asking the plaintiff to assess making changes to the wording of a settlement agreement which in the meantime had been drawn up as a possibility. The case was adjourned to September 25, 2014 and on that date Pessina requested a further deferral of the proceeding, now set for November 20, 2014.

On March 29, 2013 Pessina Costruzioni notified A2A S.p.A. of the appointment of the arbitrator and the deposition with the arbitrators to initiate the arbitration, in fulfillment of the shareholders' agreements signed in August 2007, with the purpose of having A2A S.p.A. ordered to pay compensation for damages for the non-fulfillment of its obligations under the agreements.

A2A S.p.A. appointed its arbitrator within the established term of 20 days, rejecting the requests.

After discussion on the appointment, and after a request for the appointment of a sole arbitrator made by Pessina to the Court of Novara, the parties signed an agreement concerning the formation of the arbitration board.

At the formal appearance hearing on July 1, 2013 the Board discharged the requirements regarding its formation and the start of the proceedings, setting the deadlines for the submission of briefs and preliminary motions and the date of the first hearing. The dates set were October 15, 2013, December 20, 2013 and February 21, 2014 for the submission of briefs and March 5, 2014 for the first hearing. By way of an order of October 8, 2013, the Board deferred these deadlines to the following dates: November 19, 2013, January 21, 2014 and March 25, 2014 for the briefs and April 10, 2014 for the first hearing. The location for the arbitration was set as the offices of the President of the Arbitration Board in Milan. At the hearing of April 10, 2014, preceded by the submission of the parties' briefs, the Board set three new deadlines for the briefs (May 20 for A2A S.p.A., June 17 for Pessina and June 26 for A2A

S.p.A.) and set the date of the merit hearing as July 11, 2014. At that hearing, the Board reserved the right to decide on all the applications submitted by the parties. By way of an order drawn up outside the hearing and filed on July 22, a hearing was set for September 16, 2014. At that hearing, after clarifying the conclusions, a deadline of November 18, 2014 was set for filing final statements and December 23, 2014 for filing reply briefs, with the final hearing to be held on January 16, 2015.

By order of November 17, 2014, these terms were deferred respectively to December 3 and January 7, 2015; on February 3, 2015, the hearing was held during which the Board did not provide investigation acts and extended the term to file the award to 120 days.

* * *

The following information is provided in connection with the main litigation of a fiscal nature.

A2A S.p.A. - General IRES/IRAP/VAT audit for fiscal year 2010

On January 20, 2014 the Regional Department of the Lombardy Tax Revenue Office – Milan Large Taxpayers Section – initiated a general audit of A2A S.p.A. for IRES, IRAP and VAT purposes for fiscal 2010. The audit was completed on December 15, 2014. The findings mainly related to violations exclusively regarding direct taxation. On January 14, 2015, the company also requested a report of facts ascertained, and following notification of the tax assessments by the Tax Authorities, is defining the tax claim.

A2A S.p.A. (merging company of AMSA Holding S.p.A.) – VAT Tax assessments for tax years from 2001 to 2005

In early 2006, the Italian Finance Police – Lombardy Regional Unit, Milan – carried out a tax audit of AMSA Holding S.p.A. (now A2A S.p.A.) for VAT purposes for tax years 2001 to 2005.

The audit ended with the issue of a final report contesting the legitimacy of the ordinary VAT rate, in place of the special rate applied by suppliers for waste disposal and plant maintenance, as well as the subsequent deduction made after the invoices issued for these services were duly paid.

The report was followed by formal notices of assessment from the Tax Revenue Office (Milan 3 Office) for each year audited; appeals were then filed with the Provincial Tax Commission within the term provided by law.

The appeals for 2001 and for 2004 and 2005 were discussed on January 25, 2010 and on February 17, 2010 respectively, with a favorable outcome for the company in all cases. The Tax

Revenue Office appealed against the verdict of the first court. The Regional Tax Commission rejected this appeal for all three years, 2001, 2004 and 2005.

For 2011 the Tax Revenue Office filed an appeal with the Supreme Court against which AMSA Holding S.p.A. filed a cross-appeal on November 9, 2012.

The outcomes of the 2002 and 2003 disputes were also favorable for the company but the Tax Revenue Office filed an appeal against both sentences. The appeal for 2002 was discussed on November 30, 2010, and by way of a sentence lodged on February 2, 2011 the Milan Regional Tax Commission overturned the sentence of the first court, upholding the Tax Revenue Office's appeal on almost all counts with the exception of the hazardous waste category. The company filed an appeal with the Supreme Court for 2002. For 2003 the appeal made by the Tax Revenue Office was discussed on November 7, 2011 before the Regional Tax Commission which rejected it with a sentence filed on November 11, 2011. The Tax Revenue Office has not appealed to the Supreme Court for 2003, 2004 and 2005 and the sentence has become final, thereby closing the litigation. For 2001 and 2002, the hearing dates for discussion before the Supreme Court have not yet been set.

7) Contingent assets arising from environmental certificates

As of December 31, 2014, A2A S.p.A. had no surplus of environmental certificates.

8) Auditors' fees

In accordance with Article 2427, paragraph 16-bis, of the Italian civil code, it is hereby reported that the company paid the independent auditors total fees for the legally required auditing of the annual accounts and for other services provided during the year in the amount of 321 thousand euro.

0.4
Attachments

1 - Statement of changes in tangible assets

Tangible assets *Thousands of euro*	Balance at 12 31 2013			Changes during the year			
	Gross value	Accumulated depreciation	Residual value	Acquisitions	Changes in category	Reclassifications Gross value	Reclassifications Accumulated depreciation
Land	34,999	(5,170)	29,829	56			
Buildings	539,756	(253,042)	286,714	977	1,223	(17)	1
Plant and equipment	2,618,303	(1,584,785)	1,033,518	3,899	1,966		
Industrial and commercial equipment	21,568	(20,007)	1,561	355		16	(1)
Other assets	31,941	(29,058)	2,883	176			
Under construction and advances	10,696		10,696	19,586	(3,189)		
Leasehold improvements	627	(600)	27	20,609		1	
Total tangible assets	**3,257,890**	**(1,892,662)**	**1,365,228**	**45,658**	**-**	**-**	**-**

Tangible assets *Thousands of euro*	Balance at 12 31 2012			Effects of non-recurring transaction spin-off of Hydroelectric Plants unit Prov. of Brescia			Changes during the year	
	Gross value	Accumulated depreciation	Residual value	Gross value	Accumulated depreciation	Residual value	Acquisitions	Changes in category
Land	35,312	(5,170)	30,142	(313)		(313)		
Buildings	556,132	(242,134)	313,998	(5,819)	1,884	(3,935)	1,070	1,104
Plant and equipment	2,704,760	(1,510,265)	1,194,495	(13,127)	3,285	(9,842)	1,559	24,875
Industrial and commercial equipment	21,282	(19,617)	1,665	(1)	1		266	21
Other assets	38,487	(34,186)	4,301	(45)	35	(10)	426	
Under construction and advances	19,678		19,678	(170)		(170)	17,635	(26,000)
Leasehold improvements	627	(597)	30					
Total tangible fixed assets	**3,376,278**	**(1,811,969)**	**1,564,309**	**(19,475)**	**5,205**	**(14,270)**	**20,956**	**-**

Changes during the year						Balance at 12 31 2014		
Others changes	Disposals		Write-downs	Depreciation	Total changes for the year	Gross value	Accumulated depreciation	Residual value
	Gross value	Accumulated depreciation						
			(250)		(194)	34,805	(5,170)	29,635
			(1,649)	(11,956)	(11,421)	540,290	(264,997)	275,293
(456)	(513)	511	(24,817)	(66,880)	(86,290)	2,598,382	(1,651,154)	947,228
	(8)	8	(8)	(374)	(12)	21,923	(20,374)	1,549
	(465)	462	(18)	(689)	(534)	31,634	(29,285)	2,349
37			(461)		15,973	26,669	-	26,669
				(578)	20,032	21,237	(1,178)	20,059
(419)	**(986)**	**981**	**(27,203)**	**(80,477)**	**(62,446)**	**3,274,940**	**(1,972,158)**	**1,302,782**

Changes during the year									Balance at 12 31 2013		
Reclassifications		Other changes		Disposals/Sales		Write-downs	Depreciation	Total changes for the year	Gross value	Accumulated depreciation	Residual value
Gross value	Accumulated depreciation	Gross value	Accumulated depreciation	Value gross	Accumulated depreciation						
								-	34,999	(5,170)	29,829
						(12,731)	(12,792)	(23,349)	539,756	(253,042)	286,714
				(637)	627	(99,127)	(78,432)	(151,135)	2,618,303	(1,584,785)	1,033,518
							(391)	(104)	21,568	(20,007)	1,561
(6,377)	5,380			(550)	550		(837)	(1,408)	31,941	(29,058)	2,883
		(447)						(8,812)	10,696	-	10,696
							(3)	(3)	627	(600)	27
(6,377)	**5,380**	**(447)**	**-**	**(1,187)**	**1,177**	**(111,858)**	**(92,455)**	**(184,811)**	**3,257,890**	**(1,892,662)**	**1,365,228**

2 - Statement of changes in intangible assets

Intangible assets *Thousands of euro*	Balance at 12 31 2013			Effect transaction non-recurring acquisition business unit from Edipower
	Gross value	Accumulated depreciation	Residual value	
Industrial patents and intellectual property rights	78,315	(71,749)	6,566	
Concessions, licences, trademarks and similar rights	22,991	(20,384)	2,607	
Goodwill	39,612		39,612	955
Under construction	5,064		5,064	
Other intangible assets	1,307	(1,073)	234	
Total intangible assets	**147,289**	**(93,206)**	**54,083**	**955**

Intangible assets *Thousands of euro*	Balance at 12 31 2012			Changes during the year			
	Gross value	Accumulated depreciation	Residual value	Acquisitions	Changes of category	Reclassifications	
						Gross value	Accumulated depreciation
Industrial patents and intellectual property rights	112,718	(81,146)	31,572	4,594	394	6,425	(5,391)
Concessions, licences, trademarks and similar rights	23,397	(20,518)	2,879	1,349	21	(48)	11
Goodwill	39,612		39,612				
Under construction	9,218		9,218	1,840	(415)		
Other intangible assets	1,307	(1,017)	290				
Total intangible assets	**186,252**	**(102,681)**	**83,571**	**7,783**	**-**	**6,377**	**(5,380)**

	Changes during the year						Balance at 12 31 2014		
	Acquisitions	Changes in category	Other changes	Write-downs	Amortization	Total changes for the year	Gross value	Accumulated depreciation	Residual value
	1,900	1,084	(14)		(3,981)	(1,011)	81,285	(75,730)	5,555
	2,294	6,561			(1,752)	7,103	31,846	(22,136)	9,710
				(2,132)		(2,132)	38,435		38,435
	3,091	(7,645)	(37)			(4,591)	473		473
					(50)	(50)	1,307	(1,123)	184
	7,285	**-**	**(51)**	**(2,132)**	**(5,783)**	**(681)**	**153,346**	**(98,989)**	**54,357**

	Changes during the year					Balance at 12 31 2013		
	Disposals/Sales		Write-downs	Amortization	Total changes for the year	Gross value	Accumulated depreciation	Residual value
	Gross value	Accumulated depreciation						
	(45,816)	24,037		(9,249)	(25,006)	78,315	(71,749)	6,566
	(1,728)	1,706		(1,583)	(272)	22,991	(20,384)	2,607
						39,612	-	39,612
	(5,579)				(4,154)	5,064	-	5,064
				(56)	(56)	1,307	(1,073)	234
	(53,123)	**25,743**		**(10,888)**	**(29,488)**	**147,289**	**(93,206)**	**54,083**

3/a - Statement of changes in investments in subsidiaries

Shareholdings *Thousands of euro*	**Balance at financial statement 12 31 2013**	**Changes during 2014**		
		Increases	**Decreases**	**Effect Non-recurring Transactions**
FINANCIAL ASSETS				
Subsidiaries:				
Edipower S.p.A.	762,712	91,840		
A2A Reti Gas S.p.A.	696,280			
A2A Reti Elettriche S.p.A.	668,333			
A2A Ambiente S.p.A. (formerly Ecodeco S.r.l.)	634,894			
Elektroprivreda Cnre Gore AD (EPCG)	376,017			
A2A Calore & Servizi S.r.l.	334,477			
A2A Ciclo Idrico S.p.A.	167,000			
Abruzzoenergia S.p.A.	98,971			
A2A Energia S.p.A.	98,743			
Retragas S.r.l.	30,105			
Aspem S.p.A.	26,508			
A2A Logistica S.p.A.	17,268			
Selene S.p.A.	9,222			
Assoenergia S.p.A. in liquidation	5,848			
Proaris S.r.l.	3,557			
Camuna Energia S.r.l.	1,467			
A2A Trading S.r.l.	1,099			
Ecofert S.r.l. in liquidation	874			
Plurigas S.p.A. in liquidation	560			
Seasm S.r.l.	469			
A2A Montenegro d.o.o.	102			
Mincio Trasmissione S.r.l.	10			
A3A S.r.l.	10			
Ostros Energia S.r.l. in liquidation	-			
Total subsidiaries	**3,934,526**	**91,840**	**-**	

	Changes during 2014		Balance at financial statement 12 31 2014	Share of equity		
	Write-downs	Other changes		% shareholding	Equity at 12 31 2014	Pro rata amount
			854,552	79.50%	1,053,369	837,428
			696,280	100.00%	689,971	689,971
			668,333	100.00%	733,714	733,714
			634,894	100.00%	606,496	606,496
			376,017	41.75%	927,042	387,040
			334,477	100.00%	340,568	340,568
			167,000	100.00%	163,576	163,576
			98,971	100.00%	106,543	106,543
			98,743	100.00%	151,276	151,276
			30,105	87.27%	40,773	35,583
			26,508	90.00%	8,984	8,086
			17,268	100.00%	17,409	17,409
			9,222	100.00%	9,944	9,944
	(798)		5,050	97.76%	5,183	5,067
			3,557	60.00%	6,098	3,659
			1,467	74.50%	1,057	787
			1,099	100.00%	(109,547)	(109,547)
	(72)		802	47.00%	1,706	802
			560	70.00%	32,378	22,665
			469	67.00%	681	456
			102	100.00%	108	108
			10	100.00%	196	196
			10	100.00%	10	10
			-	80.00%	(4,255)	(3,404)
	(870)		**4,025,496**		**3,729,911**	**3,171,004**

3/b - Statement of changes in investments in affiliates

Shareholdings *Thousands of euro*	**Balance at financial statement 12 31 2013**	**Changes during 2014**			
		Increases	**Decreases**	**Effect Non-recurring Transactions**	
FINANCIAL ASSETS					
Associates:					
Ergosud S.p.A. (*)	50,291				
Dolomiti Energia S.p.A.	51,000		(51,000)		
ACSM-AGAM S.p.A. (*)	31,600				
Rudnik Uglja Ad Plejvlja (*)	19,067				
Azienda Servizi Valtrompia S.p.A.	3,383				
Sviluppo Turistico Lago d'Iseo S.p.A. (*)	837				
SET S.p.A.	466				
Serio Energia S.r.l. (*)	400				
Ge.S.I. S.r.l.	380				
Visano Società Trattamento Reflui S.c.a.r.l.	10				
Centrale Termoelettrica del Mincio S.r.l.	6				
Ergon Energia S.r.l. in liquidation (*)	-				
Total associates	**157,440**		**(51,000)**		

(*) Amounts as at December 31, 2013

Changes during 2014		Balance at financial statement 12 31 2014	Share of equity		
Write-downs	Other changes		% shareholding	Equity at 12 31 2014	Pro rata amount
(50,291)		-	50.00%	170,131	85,066
		-			
		31,600	21.94%	127,142	27,895
		19,067	39.49%	76,956	30,391
		3,383	48.77%	9,632	4,698
		837	24.29%	3,430	833
		466	49.00%	1,506	738
		400	40.00%	1,898	759
		380	44.50%	3,921	1,745
		10	40.00%	26	10
		6	45.00%	7	3
		-	50.00%	(37)	(19)
		56,149		**394,612**	**152,119**

3/c - Statement of changes in investments in other companies (AFS)

Company name *Thousands of euro*	**Shareholding %**	**Shareholder**	**Carrying value at 12 31 2014**
Financial assets available for sale (AFS)			
Infracom S.p.A.	0.44%	A2A S.p.A.	155
Immobiliare-Fiera di Brescia S.p.A.	5.83%	A2A S.p.A.	642
Azienda Energetica Valtellina e Valchiavenna S.p.A. (AEVV)	9.39%	A2A S.p.A.	1,846
Other:			
AQM S.r.l.	7.52%	A2A S.p.A.	
AvioValtellina S.p.A.	0.18%	A2A S.p.A.	
Banca di Credito Cooperativo di Calcio e Covo Società Cooperativa	n.s.	A2A S.p.A.	
Brescia Mobilità S.p.A.	0.25%	A2A S.p.A.	
Consorzio DIX.IT in liquidation	14.28%	A2A S.p.A.	
Consorzio L.E.A.P.	10.53%	A2A S.p.A.	
Consorzio Milan Sistema in liquidation	10.00%	A2A S.p.A.	
Emittenti Titoli S.p.A.	1.85%	A2A S.p.A.	
E.M.I.T. S.r.l. in liquidation	10.00%	A2A S.p.A.	
INN.TEC. S.r.l.	11.45%	A2A S.p.A.	
Isfor 2000 S.c.p.A.	4.94%	A2A S.p.A.	
Stradivaria S.p.A.	n.s.	A2A S.p.A.	
Total other financial assets			**1,528**
Total financial assets available for sale			**4,171**

Note: A2A S.p.A. took part in the setting up of Società Cooperativa Polo dell'innovazione della Valtellina, by subscribing to 5 shares having a nominal value of 50 euro.

4/a - List of investments in subsidiaries

Company name *Thousands of euro*	**Registered office**	**Currency**	**Share capital at 12 31 2014**
Subsidiaries:			
Edipower S.p.A.	Milan	Euro	1,139,312
A2A Reti Gas S.p.A.	Brescia	Euro	445,000
A2A Reti Elettriche S.p.A.	Brescia	Euro	520,000
A2A Ambiente S.p.A.	Brescia	Euro	220,000
Elektroprivreda Cnre Gore AD (EPCG)	Nikšić (Montenegro)	Euro	1,003,666
A2A Calore & Servizi S.r.l.	Brescia	Euro	150,000
A2A Ciclo Idrico S.p.A.	Brescia	Euro	70,000
Abruzzoenergia S.p.A.	Gissi (Ch)	Euro	130,000
A2A Energia S.p.A.	Milan	Euro	2,000
Retragas S.r.l.	Brescia	Euro	34,495
Aspem S.p.A.	Varese	Euro	174
A2A Logistica S.p.A.	Brescia	Euro	250
Selene S.p.A.	Brescia	Euro	3,000
Assoenergia S.p.A. in liquidation	Brescia	Euro	126
Proaris S.r.l.	Milan	Euro	1,875
Camuna Energia S.r.l.	Cedegolo (Bs)	Euro	900
A2A Trading S.r.l.	Milan	Euro	1,000
Ecofert S.r.l. in liquidation	S. Gervasio Bresciano (Bs)	Euro	100
Plurigas S.p.A. in liquidation	Milan	Euro	800
Seasm S.r.l.	Brescia	Euro	700
A2A Montenegro d.o.o.	Podgorica (Montenegro)	Euro	100
Mincio Trasmissione S.r.l.	Brescia	Euro	10
A3A S.r.l.	Brescia	Euro	10
Ostros Energia S.r.l. in liquidation	Brescia	Euro	350

Equity at 12 31 2014	Result at 12 31 2014	% held	Pro rata amount (a)	Carrying value (b)	Differences (a-b)
1,053,369	(55,769)	79.50%	837,428	854,551	(17,123)
689,971	31,003	100.00%	689,971	696,280	(6,309)
733,714	44,381	100.00%	733,714	668,333	65,381
606,496	110,705	100.00%	606,496	634,894	(28,398)
927,042	31,085	41.75%	387,040	376,017	11,023
340,568	9,535	100.00%	340,568	334,477	6,091
163,576	175	100.00%	163,576	167,000	(3,424)
106,543	(3,310)	100.00%	106,543	98,971	7,572
151,276	35,240	100.00%	151,276	98,743	52,533
40,773	2,193	87.27%	35,583	30,105	5,478
8,984	1,891	90.00%	8,086	26,508	(18,422)
17,409	95	100.00%	17,409	17,268	141
9,944	2,004	100.00%	9,944	9,222	722
5,183	17	97.76%	5,067	5,050	17
6,098	227	60.00%	3,659	3,557	102
1,057	83	74.50%	787	1,467	(680)
(109,547)	(118,509)	100.00%	(109,547)	1,099	(110,646)
1,706	-	47.00%	802	802	-
32,378	18	70.00%	22,665	560	22,105
681	24	67.00%	456	469	(13)
108	6	100.00%	108	102	6
196	44	100.00%	196	10	186
10	-	100.00%	10	10	-
(4,255)	(265)	80.00%	(3,404)	-	(3,404)

4/b - List of investments in affiliates

Company name *Thousands of euro*	**Registered office**	**Currency**	**Share capital at 12 31 2014**
Ergosud S.p.A. (*)	Roma	Euro	81,448
ACSM-AGAM S.p.A. (*)	Monza	Euro	76,619
Rudnik Uglja Ad Plejvlja (*)	Plejvlja (Montenegro)	Euro	21,493
Azienda Servizi Valtrompia S.p.A.	Gardone Val Trompia (Bs)	Euro	6,000
Sviluppo Turistico Lago d'Iseo S.p.A. (*)	Iseo (Bs)	Euro	1,616
SET S.p.A. (*)	Toscolano Maderno (Bs)	Euro	104
Serio Energia S.r.l. (*)	Concordia sulla Secchia (Mo)	Euro	1,000
Ge.S.I. S.r.l.	Brescia	Euro	1,000
Visano Società Trattamento Reflui S.c.a.r.l.	Brescia	Euro	25
Centrale Termoelettrica del Mincio S.r.l.	Ponti sul Mincio (Mn)	Euro	11
Ergon Energia S.r.l. in liquidation	Milan	Euro	600

(*) Amounts as at December 31, 2013

	Equity at 12 31 2014	Result at 12 31 2014	% held	Pro rata amount (a)	Carrying value (b)	Differences (a-b)
	170,131	6,114	50.00%	85,066	-	85,066
	127,142	2,741	21.94%	27,895	31,600	(3,705)
	76,956	1,200	39.49%	30,390	19,067	11,323
	9,632	916	48.77%	4,698	3,383	1,315
	3,430	(16)	24.29%	833	837	(4)
	1,506	554	49.00%	738	466	272
	1,898	608	40.00%	759	400	359
	3,921	116	44.50%	1,745	380	1,365
	26	-	40.00%	10	10	-
	7	(2)	45.00%	3	6	(3)
	(37)	(153)	50.00%	(19)	-	(19)

Key data of the financial statements of the main subsidiaries and affiliates prepared according to IAS/IFRS

(pursuant to article 2429.4 of the Italian Civil Code)

SUBSIDIARIES	A2A TRADING S.r.l.		AMSA S.p.A.		SELENE S.p.A.		RETRAGAS S.r.l.	
Share capital	Euro	1,000,000	Euro	10,000,000	Euro	3,000,000	Euro	34,494,650
% shareholding	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	A2A S.p.A. A2A Reti Gas S.p.A.	87.27% 4.33%
Description - *Thousands of euro*	12 31 14	12 31 13	12 31 14	12 31 13	12 31 14	12 31 13	12 31 14	12 31 13
Revenues	2,583,802	2,939,090	322,201	343,887	24,346	22,948	8,657	6,665
Gross operating income	(153,938)	(13,499)	49,579	75,143	4,452	2,671	5,780	4,150
Net operating income	(154,840)	(14,244)	38,536	57,859	3,100	1,298	3,682	2,052
Profit before tax	(165,888)	(23,754)	35,678	53,728	2,894	1,033	3,718	2,063
Result for the year	(118,509)	(15,173)	20,662	40,676	2,004	591	2,193	1,417
Assets	983,927	928,672	189,602	184,834	30,968	22,911	44,421	42,176
Liabilities	1,093,474	900,407	161,948	146,414	21,024	14,819	3,648	2,253
Equity	(109,547)	20,918	27,654	38,420	9,944	8,092	40,773	39,923
Net financial position	(147,418)	(244,711)	36,665	27,366	(8,574)	(5,139)	9,357	8,112

AFFILIATES	ERGON ENERGIA S.r.l. in liquidation		GE.S.I. S.r.l.		AZIENDA SERVIZI VALTROMPIA S.p.A.	
Share capital	Euro	600,000	Euro	1,000,000	Euro	6,000,000
% shareholding	A2A S.p.A.	50.00%	A2A S.p.A.	44.50%	A2A S.p.A.	48.77%
Description - *Thousands of euro*	12 31 13 (*)	12 31 12	12 31 14	12 31 13	12 31 14	12 31 13
Revenues	350	321	4,665	5,771	14,639	14,934
Gross operating income	(107)	(150)	514	905	2,221	2,150
Net operating income	143	36	245	589	1,399	1,254
Profit before tax	(153)	(296)	237	743	1,375	1,126
Result for the year	(153)	(90)	116	541	916	592
Assets	14,408	23,509	5,659	5,993	29,879	22,760
Liabilities	14,445	23,393	1,738	1,926	20,247	13,967
Equity	(37)	116	3,921	4,067	9,632	8,793
Net financial position	(7,666)	(16,445)	353	645	1,394	917

(*) Last approved financial statements available.

ABRUZZOENERGIA S.p.A.		APRICA S.p.A.		EPCG		EDIPOWER S.p.A.		A2A AMBIENTE S.p.A.	
Euro	130,000,000	Euro	20,000,000	Euro	1,003,666,058	Euro	1,139,311,954	Euro	220,000,000
A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	A2A S.p.A.	41.75%	A2A S.p.A.	79.50%	A2A S.p.A.	100.00%
12 31 14	12 31 13	12 31 14	12 31 13	12 31 14	12 31 13	12 31 14	12 31 13	12 31 14	12 31 13
37,735	47,194	96,083	196,807	239,619	277,841	629,152	726,713	402,515	319,742
16,838	26,106	6,406	77,091	65,940	80,355	220,164	269,470	154,624	113,819
5,246	(26,046)	1,418	61,308	27,850	23,265	(33,347)	(15,577)	78,493	69,104
(554)	(31,846)	1,027	61,200	34,085	27,304	1,199	(17,695)	142,215	66,090
(3,310)	(21,283)	(340)	42,129	31,085	25,126	(55,769)	(3,280)	110,705	47,927
288,512	299,644	80,340	106,626	1,130,270	1,140,728	1,831,555	2,102,809	985,063	942,689
181,969	189,747	58,380	49,755	203,228	262,497	778,186	986,677	378,567	418,793
106,543	109,897	21,960	56,871	927,042	878,230	1,053,369	1,116,132	606,496	542,220
(172,623)	(177,688)	(2,753)	34,951	105,245	65,886	(350,731)	(603,386)	315,368	265,950

BELLISOLINA S.r.l.		SED S.r.l.		METAMER S.r.l.	
Euro	10,000	Euro	1,250,000	Euro	650,000
A2A Ambiente S.p.A.	50.00%	A2A Ambiente S.p.A.	50.00%	A2A Energia S.p.A.	50.00%
12 31 14	12 31 13	12 31 14	12 31 13	12 31 14	12 31 13
4,614	5,115	11,008	11,400	24,522	26,269
372	407	720	882	1,340	2,113
(349)	(310)	410	567	1,015	1,358
(384)	(384)	326	226	1,176	1,528
(322)	(313)	184	91	657	613
4,804	5,432	9,647	9,153	11,128	10,830
5,116	5,535	6,663	6,353	8,122	7,881
(312)	(103)	2,984	2,800	3,006	2,949
(129)	(1,669)	734	482	3,295	1,710

Key data of the financial statements of the main subsidiaries and affiliates prepared according to ITALIAN GAAP

(pursuant to article 2429.4 of the Italian Civil Code)

SUBSIDIARIES	PROARIS S.r.l.		A2A RETI ELETTRICHE S.p.A.		A2A RETI GAS S.p.A.		A2A CALORE & SERVIZI S.r.l.	
Share capital	Euro	1,875,000	Euro	520,000,000	Euro	445,000,000	Euro	150,000,000
% shareholding	A2A S.p.A.	60.00%	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%
Description - *Thousands of euro*	**12 31 14**	**12 31 13**	**12 31 14**	**12 31 13**	**12 31 14**	**12 31 13**	**12 31 14**	**12 31 13**
Revenues	3,341	2,968	363,068	323,507	210,591	206,492	237,920	311,890
Gross operating income	356	261	151,099	133,019	103,444	108,331	58,290	79,506
Net operating income	321	114	96,615	78,802	68,040	70,229	23,355	51,448
Profit before tax	343	128	86,842	146,676	67,921	67,239	16,502	47,254
Result for the year	227	89	44,381	86,809	31,003	39,661	9,535	33,119
Assets	7,157	6,777	1,234,493	1,360,037	831,288	851,310	689,592	664,762
Liabilities	1,059	822	500,799	588,304	142,317	154,742	349,024	302,329
Equity	6,098	5,955	733,714	771,733	689,971	696,568	340,568	362,433
Net financial position	1,784	2,778	(171,380)	(239,472)	40,768	75,667	(189,519)	(130,610)

AFFILIATES	ERGOSUD S.p.A.		PREMIUMGAS S.p.A.	
Share capital	Euro	81,447,964	Euro	120,000
% shareholding	A2A S.p.A.	50.00%	A2A Alfa S.r.l.	50.00%
Description - *Thousands of euro*	**12 31 13 (*)**	**12 31 12**	**12 31 14**	**12 31 13**
Revenues	66,893	66,421	7,549	46
Gross operating income	36,294	21,164	(1,119)	(1,438)
Net operating income	13,320	953	(1,127)	(1,481)
Profit before tax	10,052	(5,318)	490	(1,457)
Result for the year	6,114	(3,940)	589	(940)
Assets	488,345	503,330	9,925	10,305
Liabilities	318,214	339,194	3,254	4,223
Equity	170,131	164,017	6,671	6,082
Net financial position	(249,406)	(290,361)	976	773

(*) Last approved financial statements available.

A2A ENERGIA S.p.A.		PLURIGAS S.p.A. in liquidation		A2A CICLO IDRICO S.p.A.		ASPEM S.p.A.		A2A LOGISTICA S.p.A.	
Euro	2,000,000	Euro	800,000	Euro	70,000,000	Euro	173,785	Euro	250,000
A2A S.p.A.	100.00%	A2A S.p.A.	70.00%	A2A S.p.A.	100.00%	A2A S.p.A.	90.00%	A2A S.p.A.	100.00%
12 31 14	**12 31 13**	**12 31 14**	**12 31 13**	**12 31 14**	**12 31 13**	**12 31 14**	**12 31 13**	**12 31 14**	**12 31 13**
1,449,076	1,795,797	38,956	53,321	70,647	70,079	38,254	42,008	31,059	33,776
84,592	89,879	(157)	68	14,437	12,409	4,801	3,983	208	(47)
62,370	58,680	(157)	(21)	3,089	(1,334)	3,352	2,938	160	(86)
63,960	58,146	94	147	1,167	(3,275)	3,258	2,788	231	(57)
35,240	34,178	18	651	175	(2,589)	1,891	1,617	95	(86)
640,754	732,344	45,559	74,040	289,726	285,437	50,874	92,083	30,559	30,814
489,478	582,208	13,181	31,463	126,150	122,036	41,890	83,373	13,150	13,500
151,276	150,136	32,378	42,577	163,576	163,401	8,984	8,710	17,409	17,314
(19,928)	(68,956)	32,501	30,053	(56,343)	(56,533)	4,093	2,400	19,196	18,862

Certification of the financial statements pursuant to article 154-bis, paragraph 5 of Legislative Decree no. 58/98

1. The undersigned Luca Camerano, in the name and on behalf of the entire Board of Directors of A2A S.p.A., and Andrea Eligio Crenna, as manager in charge of preparing the corporate accounting documents of A2A S.p.A., certify, also taking into account the contents of article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the business and
- the effective application

of administrative and accounting procedures for the preparation of financial statements in the year 2014.

2. It is also certified that:

2.1 the financial statements:

a) are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

b) correspond to the information contained in the accounting ledgers and records;

c) provide a true and fair representation of the equity, economic and financial situation of the issuer;

2.2 the report on operations includes reliable analysis on the performance, result of operations and the business of the issuer, as well as description of principal risks and uncertainties to which is exposed.

Milan, April 9, 2015

Luca Camerano (For the Board of Directors)	Andrea Eligio Crenna (Manager in charge of preparing the corporate accounting documents)

0.5
Independent Auditors’ Report

Independent Auditors' Report

AUDITORS' REPORT IN ACCORDANCEWITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the Shareholders of
A2A SpA

1 We have audited the separate financial statements of A2A SpA as of 31 December 2014, which comprise the statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and related notes. The directors of A2A SpA are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB, the Italian stock exchange commission. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors.We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 4 April 2014.

3 In our opinion, the separate financial statements of A2A SpA as of 31 December 2014 comply with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been drawn up clearly and give a true and fair view of the financial position, results of operations and cashflows of A2A SpA for the year then ended.

4 The directors of A2A are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure, published in the *Governance –Corporate Documents* section of the company's website, in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No.58/98, presented in thereport on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian accounting profession (*Consiglio Nazionale dei Dottori*

PricewaterhouseCoopers SpA

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Commercialisti e degli Esperti Contabili) and recommended by CONSOB. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No.58/98 presented in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of A2A SpA as of 31 December 2014.

Milan, 27 April 2015

PricewaterhouseCoopers SpA

signed by
Giulio Grandi
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

0.6

Report of the Board of Auditors

Report of the Board of Auditors

REPORT OF THE BOARD OF AUDITORS

TO THE SHAREHOLDERS' MEETING OF A2A S.P.A.

(pursuant to article 153 Legislative Decree 58/1998 and article 2429 Civil Code)

Dear Shareholders,

We wish to begin by noting that the Board of Auditors was appointed, in the persons of Giacinto Sarubbi, Chairman, Cristina Casadio and Norberto Rosini, Acting Auditors, by the Shareholders' Meeting of June 13, 2014. The same Shareholders' Meeting also approved the change in the governance system of your Company, with the adoption of the "traditional" system with respect to the previous two-tier system.

Pursuant to article 153, paragraph 1 of Legislative Decree no. 58 of February 24, 1998 and article 2429 of the Civil Code, we wish to inform you that, during the year ended December 31, 2014, we carried out the supervisory and control activities according to the rules of the Civil Code, of articles 148 et seq of the CFA of Legislative Decree January 27, 2010 no. 39 and the indications contained in CONSOB communications, taking into account the principles of conduct recommended by the National Council of Chartered Accountants and Accounting Experts.

As auditing body, we:

- attended all the meetings of the Board of Directors, for a total of 7 sessions, during which we were informed about the activities carried out and the most significant transactions made by the Company and its subsidiaries. In this context, we systematically received from the CEO the information regarding the exercise of proxies;

- conducted 10 meetings of the Board of Auditors during which information was also exchanged with the independent auditors and with the CEO, in order to ensure that no transactions were carried that were imprudent, risky, in potential conflict of interest, in contrast with the law, by-laws or the resolutions of the shareholders' meeting or such to affect the integrity of the Company's assets;
- constantly collected information on the organizational structure of the Company and any changes thereto, also conducting meetings with the related managers of the Company;
- attended 6 meetings of the Remuneration and Appointments Committee, acquiring information on the work it performed during the year;
- received from the Audit and Risk Committee, the Director in charge of the internal control and risk management system and the Head of the Internal Audit function information regarding risk mapping of the activities in progress, verification programs and implementation projects of the internal control system, even through participation in 7 meetings of the Committee, during which we took cognizance of the activity carried out by the Committee;
- examined periodically, as part of the supervision of the effectiveness of the internal control and risk management system adopted by the Company, the updated mapping of risks relating to the Company and its subsidiaries prepared by the Director in charge of the internal control and risk management system and submitted by the latter to the Board of Directors for review;
- examined the periodic reports prepared every six months by the Head of Internal Audit function, which contain information on the activities carried out by the latter during the reference period, the risk management procedures within the Company, respect for plans defined for their reduction, strategic goals for reduction and efficiency, as well as the positive assessment of the same Head of the Internal Audit function on the suitability of the internal control and risk management system of the Company with respect to the

characteristics of the company and the profile of risk undertaken. In particular, on July 31, 2014 and March 17, 2015, the Board (*i*) expressed a favourable opinion on the adequacy, effectiveness and effective functioning of the internal control and risk management system of the Company with respect to the same characteristics and profile of risk undertaken; (*ii*) expressed a favourable opinion on the organizational, administrative and accounting structure of A2A and its subsidiaries with strategic importance, with particular reference to the internal control and risk management system;

- verified the activities carried out under the coordination of the Manager in charge of preparing the corporate accounting documents, for the purpose of the requirements of Law 262/2005 "Provisions for the protection of savings and regulation of financial systems", and s.m.i. The Board was, among other things, informed on the outcome of the test and positively evaluated as illustrated by the Head of the Internal Audit function and the Manager in charge of preparing the corporate accounting documents concerning the administrative and accounting procedures referred to in the aforementioned Law 262/2005, discussing as emerged from the illustration and requesting, where deemed necessary, the Audit and Risk Committee to provide information to the Board of Directors;
- verified that the Company has an organizational, management and control Model ("Model") consistent with the principles contained in Legislative Decree 231/01 and in line with the guidelines established by industry Associations.

The Supervisory Board of the Company reported to the Board on the activities carried out during the second half of 2014 and thereafter, by special report, informed the same on the activities carried out during 2014 confirming the operation and observance of the Model.

In the second half of 2014, the Company continued the risk assessment activities also aimed at introducing within the Organization, Management and Control Model pursuant to Legislative Decree 231/01 of A2A S.p.A. the new predicate offence of "*Self-laundering*" *ex* article 648-*ter* 1 Criminal Code pursuant to article 25-*octies* of Legislative Decree

231/2001, as introduced by Law no. 186 of December 15, 2014, published in the Official Gazette of December 17, 2014. These activities and the consequent updating of the Model will be completed presumably by mid-2015;

- verified that the Company complies with the Corporate Governance Code for listed companies approved in March 2006 and last amended in July 2014. The Annual Report on Corporate Governance adequately illustrates the corporate governance system and the choices adopted.

Moreover, the Board:

- expressed its positive opinion in relation to the approval of the audit plan prepared and illustrated by the head of internal audit function and approved by the Board of Directors on February 18, 2015;
- monitored the actual implementation of corporate governance rules in the Corporate Governance Code, including the assessment of the Board of Directors and its internal Committees;
- certified, on the basis of statements made by the Directors and took note of the assessments expressed by the Board, that the criteria and procedures adopted by the Board to assess the independence of its members were correctly applied;
- expressed a favourable opinion on the appointment of the Manager in charge of preparing the corporate accounting documents *ex* article 154-*bis* of Legislative Decree 58/98, Rita Daniela Giupponi, on October 15, 2014 and subsequently, Andrea Eligio Crenna, on November 17, 2014;
- took note of the procedures adopted and instructions issued by A2A S.p.A. for the preparation of the Interim Financial Report of the A2A Group at June 30, 2014 and the Interim Management Report of the A2A Group at September 30, 2014;
- successfully verified compliance with the criteria of independence with regard to each of its members, as required by the Corporate Governance Code. This audit was conducted on

June 17, 2014 and on February 20, 2015, as part of the annual review of permanence of said requirements. The Board reported on the outcome of said audits in the Annual Report on Corporate Governance prepared for the year 2014;

- reviewed the annual report prepared by the Audit and Risk Committee and the report on Corporate Governance prepared by the Company, ensuring that it contains the information required by article 123-*bis* of Legislative Decree 58/98;
- examined the text of the Remuneration Report prepared by the Company which was approved by the Board of Directors at its meeting of April 15, 2015, and verified that the same contains the information required by article 123- *ter* of Legislative Decree 58/98 and article 84-*quater* of the Issuers' Regulation;

- verified that the information flows between the Parent Company and other companies of the A2A Group occurred and occur in a timely manner and that the provisions provided to subsidiaries pursuant to article 114, paragraph 2, of Legislative Decree 58/98 are adequate;
- ascertained, on the basis of verifications carried out and the information received by the Company, the existence of an adequate administrative and accounting system, and the additional conditions required by article 36 of Consob Resolution no. 16191/2007, relating to subsidiaries with significant relevance established and regulated under the laws of non-EU countries;
- confirmed that it was not required to communicate to Consob and the management company of the market any circumstances involving non-compliance with the requirements set out in article 36 of the Market Regulation;
- examined the documentation regulating financial, industrial and support intergroup transactions that can reasonably be considered compliant with the principles of good administration, compatible with the by-laws of the Company and consistent with the spirit of the law;

- found that there were no atypical and/or unusual transactions as defined by Consob Communication DEM/6064293 of July 28, 2006, intergroup or with third parties; this was confirmed by the indications of the Board of Directors, Independent Auditors and Director in charge of the Internal Control and Risk Management System;
- found that the internal structures showed that from the analyses carried out on transactions conducted up to 31/12/2014, there were no transactions with Related Parties to bring to the attention of the Audit and Risk Committee in its capacity as the Related Party Committee;
- carried out the tasks entrusted to the Board of Auditors in light of the amendments introduced by article 19, paragraph 1 of Legislative Decree 39/2010, by which the Board itself was attributed supervision, among other things, of the statutory audit of annual accounts and consolidated accounts and the independence of the statutory auditor or the independent auditors;
- monitored, *ex* article 19, paragraph 1 of Legislative Decree 39/2010, the financial reporting process and effectiveness of internal control, internal audit and risk management systems;
- met regularly with the independent auditors:
    a) to exchange information on the verifications carried out by the latter pursuant to Legislative Decree 39/2010 and Consob Communication no. DAC/99023932 of March 29, 1999 on the regular accounting and correct reporting of events in the accounting records. During these meetings, there were no reports of problems or abnormalities;
    b) for the examination and evaluation of the preparation process, including the evaluation of the correct application of accounting standards and homogeneity of the same, the Interim Financial Report of the A2A Group at June 30, 2014, as well as the outcomes of the audit and evaluation of this document.

- received, pursuant to article 19 paragraph 3 of Legislative Decree 39/2010, the report of the independent auditors, illustrating the key issues arising from the statutory audit and any significant weaknesses identified in the internal control system in relation to the financial reporting process, in which no significant weaknesses were identified;
- received, pursuant to article 17, paragraph 9, letter a) of Legislative Decree 39/2010, from the independent auditors of the Company, confirmation of its independence as well as the timely disclosure of non-audit services provided to the Company by the independent auditors and entities belonging to the same network;
- discussed, pursuant to article 17, paragraph 9, letter b) of Legislative Decree 39/2010, with the independent auditors the risks relating to the independence of the same and the measures adopted by the independent auditors to mitigate said risks.

  In this regard, we report that, in 2014, we had no evidence of the assignment of tasks other than the statutory audit of annual and consolidated accounts to PricewaterhouseCoopers S.p.A. (or to entities/persons belonging to its network), a company entrusted with the assignment of the statutory audit by the Shareholders' Meeting of April 26, 2007, with the sole exception of the assignments indicated below conferred to PricewaterhouseCoopers S.p.A. :

  a) Revision sustainability report 2013 on April 8, 2010, 92,500.00 euro;
  b) Comfort letter for bond issuance on October 22, 2014, 20,000.00 euro;
  c) Assignment by EPCG for interpretation of local legislation on the possibility of using revaluation reserves to cover past losses on November 3, 2014, 10,400.00 euro.

It is also specified that:

a) the Auditors communicated any offices held – as members of the Board of Directors or the Board of Auditors – in companies other than A2A S.p.A.;
b) the Board of Auditors was informed of the resignation on March 27, 2015 of the Director Mario Cocchi and on April 28, 2015 of Stefano Cao;

c) on April 9, 2015, the Board approved, pursuant to article 2386 Civil Code, the resolution for the appointment by co-optation by the Board of Directors of the current Director Giambattista Brivio, appointed to replace Mario Cocchi;

d) the Board verified, on the basis of statements made by the Directors and the assessments expressed by the Board, that the criteria and procedures adopted by the Board to assess the independence of the Director Giambattista Brivio were correctly applied;

e) the Board issued a favourable opinion on the determination of the remuneration of directors holding particular offices, powers or functions, approved by the Board of Directors on September 24, 2014.

No complaints were received pursuant to article 2408 Civil Code nor reports of any kind by third parties.

In the course of the supervisory activity, no significant omissions or reprehensible facts or irregularities whatsoever were identified.

Finally, in 2015, the Board:

- met with the Board of Auditors of the subsidiaries A2A Trading Srl, Amsa S.p.A., Aprica S.p.A., A2A Reti Gas S.p.A., A2A Reti Elettriche S.p.A. to verify, among other things, the status of implementation by said Companies of the directives issued by the parent. The Board noted that the subsidiaries were in line with the directives received. The meeting allowed for an exchange of information regarding, among other things, the functioning of corporate activity, the characteristics of the internal control system, the business organization of the subsidiaries, the composition and activities of the Supervisory Body, the Committees, Internal Audit function and the changes in the organizational structure of the Company during the year 2014;
- received from the Board of Directors the draft financial statements for the year 2014 and the report on operations of A2A S.p.A. as well as the consolidated financial statements 2014 of the A2A Group under the agreed terms;

- received, pursuant to article 17, paragraph 9, letter a) of Legislative Decree 39/2010, from the independent auditors of the Company, confirmation of its independence as well as the timely disclosure of non-audit services provided to the Company by the independent auditors and entities belonging to the same network for the year 2014;
- received the Reports on the Financial Statements and Consolidated Financial Statements of the Group at December 31, 2014, issued by the independent auditors in accordance with articles 14 and 16 of Legislative Decree no. 39 of January 27, 2010, which expresses an unqualified opinion on the separate financial statements of the Company and the consolidated financial statements of the Group;
- ascertained that the Directors, in compliance with the provisions of CONSOB, outlined in the report on operations the transactions with Group companies and related parties;
- noted that, following the favourable opinion issued by the Audit and Risk Committee, in accordance with the recommendations made by the European Securities and Markets Authority ("ESMA") on January 21, 2013, the joint document Bank of Italy/Consob/ISVAP no. 4 of March 3, 2010 and Consob Communication no. 3907 of January 19, 2015, the Board of Directors on February 18, 2015 approved the impairment test procedures applied by the Company in preparing the financial statements at December 31, 2014;
- prepared pursuant to article 13 of Legislative Decree no. 39/2010 the justified proposal for conferment of the appointment of the statutory audit of the financial statements of A2A S.p.A., the consolidated financial statements and the interim financial report of the A2A Group, for the years ending from December 31, 2016 to December 31, 2024. The assignment of the statutory audit of said documents, currently assigned to PricewaterhouseCoopers S.p.A., will in fact expire with the resolution of the Shareholders' Meeting called to approve the financial statements of the Company at December 31, 2015.

Providing the foregoing and to the extent of our expertise, we:

- verified compliance with the law and the by-laws and the standards by which proper administration shall be informed;

- verified the adequacy of the Company's organizational structure, the internal control system and the administration and accounting system, in their actual functioning;
- verified compliance with the laws governing the preparation and format of the Financial Statements of the Company and the Consolidated Financial Statements of the Group and the reports on operations regarding FY 2014, also through direct verifications and information obtained by the independent auditors;
- verified that, in accordance with Regulation (EC) no. 1606/2002 and Legislative Decree no. 38/2005, the financial statements of A2A S.p.A. and the consolidated financial statements of the A2A Group at December 31, 2014 are prepared in accordance with IAS/IFRS international accounting standards approved by the European Commission, supplemented by the related interpretations issued by the International Accounting Standards Board (IASB) ;
- monitored the compliance of the Procedure for Transactions with Related Parties, prepared by the Company pursuant to Consob Regulation 17221 of March 12, 2010 while verifying that the same Procedure is being adjusted following the adoption of the "traditional" governance system;
- verified the adequacy of the provisions provided by the Company to subsidiaries.

In view of the above, we kindly request that you approve the financial statements at December 31, 2014 presented by the Board of Directors along with the report on operations and the proposed allocation of profit for the year.

Milan, 29 April 2015

THE BOARD OF AUDITORS

(Giacinto Sarubbi) – Chairman

(Cristina Casadio) – Standing Auditor

(Norberto Rosini) – Standing Auditor