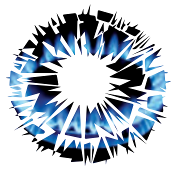
Separate financial statements

2012



energy
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This is a translation of the Italian original "Bilancio separato 2012" 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 the business development, strategic planning, control, financial management and coordination of the activities of the A2A Group. It also provides Group companies with services in support of their business and operating activities (administrative, legal, procurement, personnel management, information technology, and communication services) in order to optimize the resources that are available within the Group and to use its know-how as efficiently as possible. These services are governed by intercompany service agreements.

A2A S.p.A. also makes office space and business premises available, along with services relating to the use of such facilities.

A2A S.p.A. owns thermoelectric plants in Cassano d'Adda, Ponti sul Mincio and Monfalcone, various hydroelectric plants in Valtellina and the hydroelectric group of plants in Calabria.

Effective December 31, 2012 A2A S.p.A. spun off the "Ciclo Attivo" unit into the subsidiary A2A Energia S.p.A..

Operating performance

Millions of euro	01 01 2012 12 31 2012	01 01 2011 12 31 2011 (*)	changes
Revenues			
Revenues from sales of goods and services	431.5	475.5	(44.0)
Other operating income	30.5	21.2	9.3
Total Revenues	**462.0**	**496.7**	**(34.7)**
Operating expenses	(223.1)	(229.8)	6.7
Labour costs	(114.8)	(112.5)	(2.3)
Gross operating income -EBITDA	**124.1**	**154.4**	**(30.3)**
Amortization and depreciation	(148.5)	(151.7)	3.2
Provisions and write-downs	(11.6)	(4.3)	(7.3)
Net operating income - EBIT	**(36.0)**	**(1.6)**	**(34.4)**
Financial balance	101.3	(514.5)	615.8
Income before taxes	**65.3**	**(516.1)**	**581.4**
Income taxes	35.7	15.2	20.5
Income after taxes from continuing operations	**101.0**	**(500.9)**	**601.9**
Net result from non-current assets held for sale	**82.2**	**37.0**	**45.2**
Net profit	**183.2**	**(463.9)**	**647.1**

(*) The comparative amounts for January-December 2011 were restated to reflect the application of IAS 19 Revised "Employee Benefits".

In the year under review A2A S.p.A. reported total revenues of 462.0 million euro (496.7 million euro in the previous year). The decrease of 34.7 million was due to the lower revenues generated from the Tolling Agreement e Power Purchase Agreements in place with the subsidiary A2A Trading S.r.l. as a result of the drop in production of the hydroelectric plants – which were affected by a lower degree of hydraulicity than in 2011 – and in the decrease of thermoelectric production, which was affected by a lower load factor of the combined cycle plants.

Operating expenses fell due to the effects of non-recurring costs in the previous year.

Labour costs were largely in line with the previous year.

Due to the above reasons, "Gross operating income" amounted to 124.1 million euro (154.4 million euro in 2011).

"Amortization, depreciation, provisions and write-downs" amounted to 160.1 million euro, including amortization and depreciation for 148.5 million euro (151.7 million euro as of December 31, 2011) and provisions and write-downs for 11.6 million euro (4.3 million at December 31, 2011). Such difference was due mainly to the increase in provisions for risks and charges, which was partially offset by the reduction in depreciation.

Net operating income" was negative for 36 million euro (negative for 1.6 million euro at December 31,2011).

Financial income exceeded financial expense by 101.3 million euro (negative difference for 514.5 million euro at December 31, 2011). In the previous year this item reflected the write-down of a number of equity investments, mainly in Delmi S.p.A., Edipower S.p.A. and EPCG.

"Income before taxes" was positive for 65.3 million euro (negative for 516.1 million at December 31, 2011).

"Income tax for the period", inclusive of deferred taxes, amounted to 35.7 million euro (15.2 million euro at December 31, 2011), reflecting the refund of the corporate income tax (IRES) as a result of the failure to deduct the regional business tax (IRAP) for employees and similar staff from taxable income (article 4, paragraph 12, Law Decree 16/2012).

As of December 31, 2012 "Net income of non-current assets discontinued or held for sale" amounted to 82.2 million euro (37 million euro at December 31, 2011) reflecting the gain on disposal of the investments in Metroweb S.p.A., in A2A Coriance S.a.s. and e-Utile S.p.A..

As a result of the above activities "Net income for the period" amounted to 183.2 million euro (negative for 463.9 million euro in the previous year).

Investing activities for the year amounted to 77.6 million euro and concerned mainly maintenance performed on hydroelectric and thermoelectric plants. In addition, work continued on the Group's IT system.

Balance sheet and net debt

Millions of euro	**12 31 2012**	**12 31 2011**
INVESTED CAPITAL		
Non-current assets, net	**5,555.8**	**5,669.0**
- Tangible assets	1,564.3	1,650.9
- Intangible assets	83.6	79.0
- Investments and other non-current financial assets (*)	4,167.6	4,225.7
- Other non-current assets/liabilities (*)	(2.7)	(2.8)
- Deferred tax assets/liabilities	(29.7)	(65.8)
- Provisions for risks, charges and liabilities for landfills	(109.5)	(101.4)
- Employee benefits	(117.8)	(116.6)
of which recognized in equity	*(3.9)*	*(16.0)*
Working capital	**(25.1)**	**(10.5)**
- Inventories	5.4	5.2
- Trade receivables and other current assets (*)	173.2	227.7
- Trade payables and other current liabilities (*)	(261.3)	(267.9)
- Current tax assets/liabilities	57.6	24.5
Disposal groups held for sale (*)	**–**	**0.9**
of which recognized in equity	–	–
TOTAL INVESTED CAPITAL	**5,530.7**	**5,659.4**
SOURCES OF FUNDS		
EQUITY	**2,537.5**	**2,435.1**
Net debt maturing beyond one year	3,231.6	3,537.4
Net debt maturing within one year	(238.4)	(313.1)
Total net debt	**2,993.2**	**3,224.3**
of which recognized in equity	*(20.4)*	*32.1*
TOTAL SOURCES	**5,530.7**	**5,659.4**

(*) Excluding amounts included in net debt.

At December 31, 2012 “Invested capital” amounted to 5,530.7 million euro, which was financed by equity for 2,537.5 million euro and net debt for 2,993.2 million euro.

The amount of “Invested capital” fell by 128.7 million euro. This decrease was attributable to “Non-current assets, net”, which declined by 113.2 million euro due to the amortization and depreciation charges taken during the year and the decrease in investments and other non-current financial assets. “Working capital” decreased by 14.6 million euro, due mainly to a decrease in trade receivables, partially offset by higher current tax assets. The item “Disposal group held for sale” showed zero balance, compared with 0.9 million euro at December 31, 2011.

As of December 31, 2012 “Net debt” amounted to 2,993.2 million euro, compared with 3,224.3 million at January 1, 2011.

“Cash flow from operating activities” for the year amounted to 253.5 million euro.

“Cash flow for investing activities” amounted to 71.9 million euro, reflecting proceeds from the disposal of investments less investments in tangible and intangible assets.

During the year dividends for 40.4 million euro, were distributed, whereas the changes in assets/liabilities recognized directly in equity were negative for 52.4 million euro.

Millions of euro	12 31 2012	12 31 2011
NET DEBT - AT THE BEGINNING OF THE YEAR	**(3,224.3)**	**(3,177.3)**
(DECREASE)/INCREASE DUE TO NON-RECURRING TRANSACTIONS	**(1.5)**	**47.2**
Net profit for the year (**)	95.8	(502.8)
Amortization and depreciation	148.5	151.7
Net taxes paid/credits for taxes transferred	15.2	(71.2)
Impairment of investments and non-current assets	8.4	617.9
Changes in assets and liabilities (*)	(14.4)	(5.9)
Cash flow from operating activities	**253.5**	**189.7**
Cash flow for investing activities	**71.9**	**22.9**
Income distribution	(40.4)	(298.2)
Changes in financial assets/liabilities recognized in equity	(52.4)	(8.6)
NET DEBT - AT THE YEAR END	**(2,993.2)**	**(3,224.3)**

(*) Net of amounts recognized directly in equity.
(**) Net of gains on disposals.

The table below provides details of Net Debt:

Millions of euro	12 31 2012	12 31 2011
Medium/long-term debt	3,306.8	3,657.0
Medium/long-term financial receivables	(75.2)	(119.6)
Total medium/long-term debt	**3,231.6**	**3,537.4**
Short-term debt	938.7	837.3
Short-term financial receivables	(876.6)	(1,111.1)
Cash and cash equivalents	(300.5)	(39.3)
Total current net debt	**(238.4)**	**(313.1)**
Net debt	**2,993.2**	**3,224.3**

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Financial Statements

Balance sheet (1)

Assets

Amounts in euro	Note	12 31 2012	12 31 2011 (*)
NON-CURRENT ASSETS			
Tangible assets	1	1,564,309,284	1,650,870,591
Intangible assets	2	83,571,431	79,007,951
Shareholdings	3	4,162,918,601	4,218,049,167
Other non-current financial assets	3	9,671,246	14,305,331
Other non-current assets	4	70,762,645	113,499,633
TOTAL NON-CURRENT ASSETS		**5,891,233,207**	**6,075,732,673**
CURRENT ASSETS			
Inventories	5	5,383,632	5,262,729
Trade receivables	6	150,587,673	178,417,746
Other current assets	7	30,372,162	49,297,054
Current financial assets	8	868,820,567	1,111,127,422
Current tax assets	9	57,674,136	24,485,684
Cash and cash equivalents	10	300,505,177	39,380,472
TOTAL CURRENT ASSETS		**1,413,343,347**	**1,407,971,107**
NON-CURRENT ASSETS HELD FOR SALE	**11**	**-**	**865,969**
TOTAL ASSETS		**7,304,576,554**	**7,484,569,749**

(1) As laid down in Consob Resolution 17221 of March 12, 2010 the effects of related party transactions in the separate financial statements are shown in the tables in section 0.2 with comments in Note 35.
The effects of the events and significant non-recurring transactions are reported in Note 36 of the separate financial statements as prescribed by Consob Communication DEM/6064293 of July 28, 2006.

(*) The comparative amounts for January-December 2011 were restated to reflect the application of IAS 19 Revised "Employee Benefits".

Equity and liabilities

Amounts in euro	Note	12 31 2012	12 31 2011 (*)
EQUITY			
Share capital	12	1,629,110,744	1,629,110,744
(Treasury shares)	13	(60,891,196)	(60,891,196)
Reserves	14	786,109,156	1,330,750,255
Net income for the year	15	183,154,840	(463,859,473)
Total equity		**2,537,483,544**	**2,435,110,330**
Liabilities			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	16	3,258,742,029	3,631,868,217
Deferred tax liabilities	17	29,691,400	65,770,025
Employee benefits	18	117,771,560	116,625,576
Provisions for risks, charges and liabilities for landfills	19	109,515,361	101,469,518
Other non-current liabilities	20	51,330,566	28,453,291
Total non-current liabilities		**3,567,050,916**	**3,944,186,627**
CURRENT LIABILITIES			
Trade payables	21	152,706,560	180,832,658
Other current liabilities	21	108,626,895	87,112,719
Current financial liabilities	22	938,708,639	837,327,415
Total current liabilities		**1,200,042,094**	**1,105,272,792**
Total liabilities		**4,767,093,010**	**5,049,459,419**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**–**	**–**
TOTAL EQUITY AND LIABILITIES		**7,304,576,554**	**7,484,569,749**

(*) The comparative amounts for January-December 2011 were restated to reflect the application of IAS 19 Revised "Employee Benefits".

Income statement ([1])

Amounts in euro	Note	01 01 2012 12 31 2012	01 01 2011 12 31 2011 (*)
Revenues			
Revenues from the sale of goods and services		431,505,959	475,455,545
Other operating income		30,486,173	21,288,569
Total Revenues	25	461,992,132	496,744,114
Operating expenses			
Expenses for raw materials and services		173,948,125	177,796,595
Other operating expenses		49,160,701	52,023,290
Total operating expenses	**26**	**223,108,826**	**229,819,885**
Labour costs	**27**	**114,742,230**	**112,505,835**
Gross operating income - EBITDA	**28**	**124,141,076**	**154,418,394**
Depreciation, amortization, provisions and write-downs	**29**	**160,124,596**	**156,026,187**
Net operating income - EBIT	**30**	**(35,983,520)**	**(1,607,793)**
Financial balance			
Financial income		294,629,674	257,775,236
Financial expenses		193,357,913	772,295,717
Total Financial balance	**31**	**101,271,761**	**(514,520,481)**
Other non-operating expenses			
Income before tax		**65,288,241**	**(516,128,274)**
Income taxes	**32**	**(35,718,612)**	**(15,223,112)**
Income from current operations net of tax		**101,006,853**	**(500,905,162)**
Net result from non-current assets held for sale	**33**	**82,147,987**	**37,045,689**
NET PROFIT	**34**	**183,154,840**	**(463,859,473)**

(1) As laid down in Consob Resolution 17221 of March 12, 2010 the effects of related party transactions in the separate financial statements are shown in the tables in section 0.2 with comments in Note 35. The effects of the events and significant non-recurring transactions are reported in Note 36 of the separate financial statements as prescribed by Consob Communication DEM/6064293 of July 28, 2006.

(*) The comparative amounts for January-December 2011 were restated to reflect the application of IAS 19 Revised "Employee Benefits".

Statement of comprehensive income

Amounts in euro	**12 31 2012**	**12 31 2011 (*)**
Net income (loss)for the year (A)	**183,154,840**	**(463,859,473)**
Actuarial gains/(losses) on employee benefits brooked in the Net equity	(7,916,596)	(1,531,729)
Tax effect of other actuarial gains/(losses)	2,162,044	520,788
Total actuarial gains/(losses) net of the tax effect (B)	**(5,754,552)**	**(1,010,941)**
Effective part of gains/(losses) on cash flow hedges	(52,498,840)	(8,665,870)
Tax effect of other gains/(losses)	17,849,606	2,946,395
Total other gains/(losses) net of the tax effect (C)	**(34,649,234)**	**(5,719,475)**
Total comprehensive income/(losses) (A) + (B) + (C)	**142,751,054**	**(470,589,889)**

(*) The comparative amounts for January-December 2011 were restated to reflect the application of IAS 19 Revised "Employee Benefits".

Cash flow statement

Amounts in euro	12 31 2012	12 31 2011
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**39,380,472**	**63,712,076**
Operating activities		
Net income (loss) for the year (**)	95,825,450	(501,795,551)
Depreciation	129,755,710	134,262,827
Amortization	18,705,569	17,485,692
Disposal of tangible and intangible assets	131,579	111,565
Write-down/disposal of shareholdings	8,234,794	617,816,204
Taxes paid/Credits for taxes transferred (a)	*15,200,753*	*(71,187,669)*
Change in assets and liabilities (b)	*(14,395,073)*	*(6,877,109)*
Total change in assets and liabilities (a+b) (*)	805,680	(78,064,778)
Cash flow from operating activities	**253,458,782**	**189,815,959**
Investing activities		
Investments in tangible assets	(54,245,003)	(25,745,266)
Investments in intangible assets and goodwill	(23,423,596)	(23,863,717)
Equity investments and other securities (*)	(6,841,740)	(6,579,414)
Sale of equity investments and other non-current assets	156,399,237	79,041,156
Cash flow from (for) investing activities	**71,888,898**	**22,852,759**
FREE CASH FLOW	**325,347,680**	***212,668,718***
Financing activities		
Change in financial assets (*)	165,950,852	(106,753,685)
Change in financial liabilities (*)	(109,135,723)	262,927,834
Interest expense, net	(80,660,264)	(94,999,847)
Dividends paid	(40,377,840)	(298,174,624)
Cash flow from (for) financing activities	**(64,222,975)**	**(237,000,322)**
CHANGE IN CASH AND CASH EQUIVALENTS	**261,124,705**	**(24,331,604)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**300,505,177**	**39,380,472**

(*) Net of amounts recognized in equity and other financial items.
(**) Net of gains on investment disposals.

Statement of changes in equity

Description *Amounts in euro*	**Share Capital Note 12**	**Treasury Shares Note 13**
Equity at 12.31.2010 (**)	**1,629,110,744**	**(60,891,196)**
Allocation of 2010 net profit		
Ordinary dividend distribution		
Additional and non-recurring dividend distribution		
IAS 32 and IAS 39 reserves (*)		
IAS 19 reserve Employee benefits (*)		
Net profit for the year		
Equity at 12.31.2011 (**)	**1,629,110,744**	**(60,891,196)**
Allocation of 2011 net profit		
Ordinary dividend distribution		
IAS 32 and IAS 39 reserves (*)		
IAS 19 reserve Employee benefits (*)		
Net profit for the year		
Equity at 12.31.2012	**1,629,110,744**	**(60,891,196)**
Availability of equity reserves		

A: For share capital increase.
B: To cover lasses.
C: For distribution to shareholders - available for 491,192,643 euro.
D: Reserves not available.

(*) These form part of the statement of comprehensive income.
(**) Equity at December 31, 2010 and 2011 reflects the application of IAS 19 Revised "Employee benefits" with a separate reserve for actuarial gains/(losses) net of the tax effects.

Reserves Note 14	Cash flow hedge Reserve Note 14	Net profit for the year Note 15	Total Equity
1,309,938,437	**26,917,712**	**298,799,146**	**3,203,874,843**
298,799,146		(298,799,146)	
(186,359,140)			(186,359,140)
(111,815,484)			(111,815,484)
	(5,719,475)		(5,719,475)
(1,010,941)			(1,010,941)
		(463,859,473)	(463,859,473)
1,309,552,018	**21,198,237**	**(463,859,473)**	**2,435,110,330**
(463,859,473)		463,859,473	
(40,377,840)			(40,377,840)
	(34,649,234)		(34,649,234)
(5,754,552)			(5,754,552)
		183,154,840	183,154,840
799,560,153	**(13,450,997)**	**183,154,840**	**2,537,483,544**
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 2012	of which Related Parties (note 35)	12 31 2011	of which Related Parties (note 35)
ASSETS				
NON-CURRENT ASSETS				
Tangible assets	1,564,309,284		1,650,870,591	
Intangible assets	83,571,431		79,007,951	
Shareholdings	4,162,918,601	4,162,918,601	4,218,049,167	4,218,049,167
Other non-current financial assets	9,671,246	4,923,552	14,305,331	6,543,011
Other non-current assets	70,762,645		113,499,633	
TOTAL NON-CURRENT ASSETS	**5,891,233,207**		**6,075,732,673**	
CURRENT ASSETS				
Inventories	5,383,632		5,262,729	
Trade receivables	150,587,673	140,534,595	178,417,746	168,032,579
Other current assets	30,372,162	12,889,605	49,297,054	20,793,508
Current financial assets	868,820,567	868,820,567	1,111,127,422	1,111,127,422
Current tax assets	57,674,136		24,485,684	
Cash and cash equivalents	300,505,177		39,380,472	
TOTAL CURRENT ASSETS	**1,413,343,347**		**1,407,971,107**	
NON-CURRENT ASSETS HELD FOR SALE			**865,969**	**865,969**
TOTAL ASSETS	**7,304,576,554**		**7,484,569,749**	

Equity and liabilities

Amounts in euro	12 31 2012	of which Related Parties (note 35)	12 31 2011	of which Related Parties (note 35)
EQUITY				
Share capital	1,629,110,744		1,629,110,744	
(Treasury shares)	(60,891,196)		(60,891,196)	
Reserves	786,109,156		1,330,750,255	
Net income for the year	183,154,840		(463,859,473)	
Total equity	**2,537,483,544**		**2,435,110,330**	
LIABILITIES				
NON-CURRENT LIABILITIES				
Non-current financial liabilities	3,258,742,029		3,631,868,217	
Deferred tax liabilities	29,691,400		65,770,025	
Employee benefits	117,771,560		116,625,576	
Provisions for risks, charges and liabilities for landfills	109,515,361		101,469,518	
Other non-current liabilities	51,330,566		28,453,291	
Total non-current liabilities	**3,567,050,916**		**3,944,186,627**	
CURRENT LIABILITIES				
Trade payables	152,706,560	53,168,988	180,832,658	85,363,658
Other current liabilities	108,626,895	54,342,733	87,112,719	33,366,847
Current financial liabilities	938,708,639	370,094,045	837,327,415	406,364,918
Total current liabilities	**1,200,042,094**		**1,105,272,792**	
Total liabilities	**4,767,093,010**		**5,049,459,419**	
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	–		–	
TOTAL EQUITY AND LIABILITIES	**7,304,576,554**		**7,484,569,749**	

Income statement

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

Amounts in euro	01 01 2012 12 31 2012	of which Related Parties (note 35)	01 01 2011 12 31 2011	of which Related Parties (note 35)
Revenues				
Revenues from sales of goods and services	431,505,959	415,729,037	475,455,545	462,179,175
Other operating income	30,486,173	6,936,521	21,288,569	7,920,019
Total Revenues	**461,992,132**		**496,744,114**	
Operating expenses				
Expenses for raw materials and services	173,948,125	62,248,687	177,796,595	83,120,379
Other operating expenses	49,160,701	975,507	52,023,290	1,034,713
Total operating expenses	**223,108,826**		**229,819,885**	
Labour costs	**114,742,230**	**3,157,666**	**112,505,835**	**4,169,140**
Gross operating income - EBITDA	**124,141,076**		**154,418,394**	
Depreciation, amortization, provisions and write-downs	**160,124,596**		**156,026,187**	
Net operating income - EBIT	**(35,983,520)**		**(1,607,793)**	
Financial balance				
Financial income	294,629,674	291,265,747	257,775,236	236,810,322
Financial expenses	193,357,913	11,712,548	772,295,717	626,947,286
Total financial balance	**101,271,761**		**(514,520,481)**	
Income (loss) before tax	**65,288,241**		**(516,128,274)**	
Income taxes	**(35,718,612)**		**(15,223,112)**	
Income from continuing operations net of tax	**101,006,853**		**(500,905,162)**	
Net result from non-current assets held for sale	**82,147,987**		**37,045,689**	
Net profit	**183,154,840**		**(463,859,473)**	

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Notes

General information on A2A S.p.A.

A2A S.p.A. is a company incorporated under the laws of the Italian Republic. Its registered office is in Brescia, Via Lamarmora 230, and it is entered into the Brescia Companies register, no. 11957540153.

A2A S.p.A. and its subsidiaries ("Group") operate both in Italy and abroad, especially following the acquisition completed in the past few years in Montenegro.

In particular, A2A S.p.A., the "Parent Company", is responsible for business development, strategic direction, administration, planning and control, financial management and coordination of 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 engages in the following sectors:

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

The separate financial statements of A2A S.p.A. are prepared in euro; this is also the currency of 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, 2012 have been prepared on a going-concern basis and comprise the statement of financial position, 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/IFRSS) issued by the International Accounting Standard Board (IASB) and endorsed by the European Union, including "International Accounting Standards" (IAS) and "International Financial Reporting Standards" (IFRSS), 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 notes also include disclosures required by the Italian Civil Code, by Consob Resolutions 15519 and 15520 of July 27, 2006 and by Consob Communication 6064293 of July 28, 2006.

This separate financial statements as of and for the year ended December 31, 2012 were approved by the Management Board on March 14, 2013, which authorized their publication; they have been audited by PricewaterhouseCoopers S.p.A., the independent auditors appointed by the Shareholders in the General Meeting of April 26, 2007 for the nine years from 2007 to 2015.

Financial statements

For the statement of financial position, the Company has adopted a format which separates current and nonacurrent assets and liabilities, as required by paras. 60 et seq. of IAS 1 Revised.

The income statement is presented in vertical format by nature, which is considered more representative than the so-called "presentation by destination". This format is also adopted by the Company's principal competitors and is in line with international practice. The results of ordinary operations are shown in the income statement separately from income or costs deriving from non-recurring transactions, such as gains or losses on the sale of shareholdings and other non-recurring income or charges; this makes it easier to measure the effective results of ordinary operating activities.

The cash flow statement is prepared according to the indirect method, as allowed by IAS 7.

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

The accounting schedules included in the annual report are in the same format as those used in the separate financial statements at December 31, 2011.

Basis of preparation

The separated financial statements at December 31, 2012 were prepared on a historical cost basis, with the exception of those items which under IFRS must or can be measured at fair value, as explained in more detail in the accounting policies.

The accounting principles, accounting policies, and estimates used in the preparation of the report are consistent with those used to prepare the separate financial statements at December 31, 2011.

Changes in International Accounting Standards

As indicated in the previous paragraph, the accounting standards adopted during 2012 are unchanged compared with those of the previous year, except for the amendments illustrated in paragraph "Accounting standards, amendments and interpretations".

The subsequent paragraphs "Accounting standards, amendments and interpretations endorsed by the European Union, but applicable after December 31, 2012" and "Accounting standards, amendments and interpretations not yet endorsed by the European Union" summarize the changes that will be adopted in future years, indicating, to the extent possible, the expected effects on the Company's separate financial statements.

Accounting standards, amendments and interpretations applied by the Company as of the current year

January 1, 2012 saw the early application of the amendment to the following international accounting standard:

- IAS 19 "Employee benefits": endorsed on June 6, 2012. Application is mandatory as of January 1, 2013; however early application is permitted for six-monthly financial reports at June 30, 2012 and annual reports at December 31, 2012.
  The changes considered in the amendment in question fall under three major categories:
  (i) measurement and recognition;
  (ii) disclosures;
  (iii) further adjustments.
  The first category of changes involves defined-benefit plans. In particular, the corridor method was abandoned for the recognition of actuarial gains and losses while "revaluations" (e.g. actuarial gains and losses) must be recognized directly in comprehensive income, under "Other".
  Concerning recognition, any change in defined benefits falls under one of the following costs:
  1. service cost;

2. finance cost;
3. remeasurement cost.

As to disclosures, besides the repeal of the obligation to disclose unrealized gains and losses (following elimination of the corridor method), details should be provided of the characteristics of the plans and the relevant recognized amounts, the risks associated with the plans, including a sensitivity analysis of the fluctuations in the demographic risk as well as participation in multi-employer plans.

The effects of the early application of this standard in the separate financial statements are described in greater detail in a specific note.

In addition, as of July 1, 2012 the following amendments were applied to international financial reporting standards:

IAS 1 "Presentation of financial statements"; this amendment, which is applicable as of July 1, 2012, concerns the presentation of the data included in the income statement and in the statement of comprehensive income. In particular, the amendment in question provides the option to present the income statement and the statement of comprehensive income in a single statement or separately, but shown one after the other. Moreover, entities are required to group items in the comprehensive income statement on the basis of whether they are potentially reclassifiable in profit and loss subsequently: the items can be presented either before tax or net of tax. The Company presented these data with two different statements.

Accounting standards, amendments and interpretations already endorsed by the European Union, but applicable after December 31, 2012

The standards and interpretations illustrated below, which have already been endorsed by the European Union but are not currently applied by the company, may be adopted in the following years, where required.

- IAS 12 "Income taxes": the IASB issued an amendment on December 20, 2010, which is applicable retrospectively as of January 1, 2013, clarifying the determination of deferred taxation on investment property recognized at fair value. The amendment introduced the principle that deferred taxes related to investment property measured at fair value, as per IAS 40 "Investment property", must be calculated considering that the carrying amount of this asset will be recovered through a sale. "Income Taxes – Recovery of Revalued Non-depreciable Assets";
- IFRS 10 "Consolidated financial statements", issued by the IASB on May 12, 2011 and applicable as of January 1, 2014. Contrary to IAS 27 "Consolidated and Separate Financial Statements", where control is defined as the power to govern the financial and operating

policies of an entity so as to obtain benefits from its activities, under IFRS 10 a company has control over an investee if it has exposure or rights to variable returns and the ability to affect those returns through power over such investee. Control exists in the presence of the following three elements:

1. power to direct the activities of the investee;
2. exposure to future returns from the investee;
3. the ability to use power over the investee to affect the investor's return.

An investor has power over the investee when the investor has existing rights that enable it to direct the activities that significantly affect the investee's returns (i.e. relevant activities). Such power may be exercised through voting rights (including potential voting rights) and through contractual arrangements. In the case of control through voting rights, relevant activities include operating activities (development, purchase and sale of products) and financing policies (obtaining and negotiating loans, purchase and sale of financial assets).

Future returns include, among others, dividends, remuneration related to the provision of services by the investor to the investee and tax benefits.

The third condition in determining the existence of control concerns the link between power and returns. Under certain circumstances, an investor can have an interest in a set of assets and liabilities of the investee by way of legal or contractual arrangements. According to IFRS 10, to determine the existence of control, such set of assets and liabilities can be considered a separate entity only if it is economically distinct from the entity as a whole and is a subsidiary for purposes of financial statement consolidation. As a result of the introduction of the foregoing principle, the IASB issued a revised IAS 27 "Separate financial statements", which maintains the general principle of reference in connection with separate financial statements, and IAS 28 "Investments in affiliates and joint ventures"; SIC 12 "Consolidation – Special purpose entities" is superseded.

- IFRS 11 "Joint Arrangements", issued by the IASB on May 12, 2011 and applicable as of January 1, 2014. This standard establishes that in joint arrangements two or more parties hold joint control if decisions about the relevant activities require the unanimous consent of the parties. IFRS 11 distinguishes between two types of joint arrangements:

1. joint operations;
2. joint ventures.

The two types differ on the basis of the rights and obligations attributable to the parties of a joint arrangement. In fact, in a joint operation the parties have rights to the assets, and obligations for the liabilities, related to the arrangements while in a joint venture the parties have rights to the net assets of the arrangement. According to IFRS 11, a joint operator recognizes assets, liabilities, costs and revenues on the basis of the share held in the joint operation while a joint venturer accounts for its interest in the joint venture as an investment using the equity method, as required by IAS 28 "Investments in affiliates and joint ventures".

Recognition of joint operations is the same in both the separate and the consolidated financial statements, as assets, liabilities, costs and revenues are affiliates for on the basis of the share held. On the other hand, like subsidiaries and affiliates, joint ventures can be accounted for in separate financial statements both at historical cost and in accordance with IFRS 9 "Financial instruments" (and IAS 39 "Financial instruments: recognition and measurements"), as provided for by IAS 27 "Separate Financial Statements". As to disclosure obligations in the notes, reference is made to IFRS 12 "Disclosure of interests in other entities". Early adoption of this standard is permitted, after the endorsement.

- IFRS 12 "Disclosure of interests in other entities", issued by the IASB on May 12, 2011 and applicable as of January 1, 2014. This standard establishes the minimum disclosure requirements, together with disclosures required by other IFRSs, about an entity's interests in subsidiaries, joint arrangements, affiliates, special purpose entities and unconsolidated structured entities;
- IFRS 13 "Fair value measurement": issued by the IASB on May 12, 2011 and applicable as of January 1, 2013. IFRS 13 defines fair value, provides guidance on determining it and introduces disclosure requirements about fir value measurements. The standard in question does not specify when fair value measurement is required but explains how to measure fair value when such measurement is required by other standards. The new standard applies to all transactions and balances, whether financial or non-financial, for which IFRSs require or permit fair value measurements, with the exception of share-based payment transactions accounted for under IFRS 2 "Share-based payments", and leasing transactions within the scope of IAS 17 "Leases"; transactions recognized on the basis of their "net realizable value" under IAS 2 "Inventories" or "Value in use" under IAS 36 "Impairment of assets" are not within its scope. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. In the cases where transactions are directly observable in a market, fair value measurement can be relatively straightforward; if observable prices are not available, valuation techniques are used. IFRS 13 describes three valuation techniques, i.e. a market approach, which uses prices and other relevant information generated by market transactions involving identical or similar assets and liabilities, income approach, which involves discounting to present value future cash inflows and outflows, and cost approach, which reflects the amount that would be required currently to replace the service capacity of an asset. Concerning disclosure, IFRS 13 extends the three levels of the fair value hierarchy established by IFRS 7 "Financial instruments: disclosure" to all assets and liabilities that are within its scope. Certain disclosure requirements vary, depending on whether fair value measurements take place

on a recurring or non-recurring basis. Recurring fair value measurements are those required at the end of each reporting period by other IFRSs. Non-recurring fair value measurements are those required only under special circumstances. Early adoption of this standard is permitted;

- IAS 27 Revised "Separate financial statements", issued by the IASB on May 12, 2011 and applicable as of January 1, 2014. Together with the introduction of IFRS 10 "Consolidated financial statements", the IASB issued a revised version of the standard of reference for separate financial statements. This standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and affiliates by the parent company. Joint ventures, as well as subsidiaries and affiliates, are accounted in the separate financial statements either at cost or in accordance with IFRS 9 "Financial instruments" (and IAS 39 "Financial instruments: recognition and measurement"). When a parent, in accordance with IFRS 10 "Consolidated financial statements" elects not to prepare consolidated financial statements it must disclose in the separate financial statements a list of investments in subsidiaries, affiliates and joint ventures, their principal places of business (and country of incorporation, if different), its proportion of the ownership interest and a description of the method used to account for such investments.
- IAS 28 Revised "Investments in affiliates and joint ventures", which was issued by the IASB on May 12, 2011 and is applicable as of January 1, 2014. Together with the introduction of IFRS 10 "Consolidated financial statements", the IASB issued a revised version of the standard of reference for investments in affiliates and joint ventures. An entity that exercises joint control of, or significant influence over, an investee must account for the investment with the equity method.
- IFRS 7 "Financial instruments: disclosures": issued on September 16, 2011 by the IASB and applicable retrospectively as of January 1, 2013. The amendment in question requires disclosures of the potential effects related to offsetting of financial assets and financial liabilities on the statement of financial position.
- IAS 32 "Financial instruments: presentation": issued on December 16, 2011 and applicable retrospectively as of January 1, 2014. The amendment in question clarifies the application of certain criteria to offset financial assets and liabilities in IAS 32;
- IFRIC 20 "Stripping costs in the production phase of a surface mine": issued by the IAS on October 19, 2011 and applicable as of January 1, 2013, this interpretation addresses the measurement of costs related to the removal of "waste" during the production phase of a mine. The document in question makes a distinction between benefits that can be derived from waste removal, which can materialize in the form of ore that can be used by the company and better access to further quantities of material to be mined in future periods. In the former case, the material is actual inventories and, therefore, it is treated as such (in accordance IAS 2 "Inventories"). In the latter case, costs are recognized as non-current

assets ("stripping activity asset"), provided that the future economic benefits associated with the stripping activity are likely to flow to the entity

Accounting standards, amendments and interpretations not yet endorsed by the European Union

The standards and interpretation illustrated below have not been applied, as the competent bodies of the European Union have not completed the relevant endorsement process.

- IFRS 9 "Financial instruments", published by IASB on December 16, 2011, which changes the date of application of this standard to January 1, 2015 (previously this date was set at January 1, 2013). This 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 novelties introduced by IFRS 9 can be summarized as follows: financial assets can be measured either at fair value or at their amortized cost. The categories of loans and receivables, available-for-sale and held-to-maturity financial assets are eliminated. Classification within both categories is based on the entity's business model and the characteristics of the cash flows generated by the entity's activities. A financial asset is measured at its amortized cost if both the following conditions are met: The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (this, in essence, non to make trading gains) and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal outstanding. If only one of this is not met, the financial asset must be measured at fair value. 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 - both listed and unlisted – must be measured at fair value. IAS 39 provided that unlisted equities be recognized at cost, if their fair value could not be determined reliably.

  The entity may elect to recognize in equity changes in the fair value of equities other than held-for-trading shares, for which the fair value option is not available. This designation can be made upon initial recognition and is irrevocable. If this option is adopted, changes in fair value of these equity investments can never be reclassified from equity to the income statement. Dividends continue to be recognized as income.

  IFRS 9 permits reclassifications between the two categories of financial assets if and only if the entity's business model changes. In this case the reclassification applies prospectively.

  Lastly, the disclosure required in the notes has been adapted to the recognition and measurement rules introduced by IFRS 9.

- IAS 1 with respect to “Government loans”: this amendment, issued on March 12, 2012, provides first-time adopters relief from the retrospective measurement of government loans with a below-market rate. This amendment will take effect as of January 1, 2013.

  On May 17, 2012 the IASB issued a set of proposed amendments to IFRSs entitled “Improvements to IFRS 2009 - 2011”, which will be applicable retrospectively as of January 1, 2013. The main changes concern:

  a) IAS 1 “Presentation of financial statements”, which sets out the criteria to classify current and non-current liabilities;
  b) IAS 16 “Property, plant and equipment”, which clarifies that servicing equipment must be recognized as property, plant and equipment, if it is used for more than one year, otherwise it is accounted for as inventories;
  c) IAS 32 “Financial instruments: presentation”, which illustrates the tax treatment of direct taxes on distributions to equity investors and of transaction costs on equity instruments. It is noted that such direct taxes follow the rules set out by IAS 12 “Income taxes”;
  d) IAS 34 “Interim financial reporting”, which provides clarification on segment reporting. In particular, it specifies that total assets for each reportable segment must be disclosed only is such information is submitted regularly to the entity’s chief operating decision-maker and there has been a material change in the total amount disclosed in the entity’s previous annual financial statements for that reportable segment.

Accounting policies

Translation of foreign currency items

The separate financial statements are prepared in euro, which is also the currency of the economies in which the Group operates. Transactions in currencies other than the euro are initially booked at the exchange rate prevailing on the day of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into euro at the exchange rate prevailing on the balance sheet date.

Non-monetary items valued at historical cost in foreign currency are translated at the exchange rate ruling on the date when the transaction was first recorded. Non-monetary items shown at fair value are translated at the exchange rate prevailing on the valuation date.

Tangible assets

Industrial buildings are booked under "Tangible assets", whereas non-industrial buildings are classified as "investment property".
Property, plant and equipment are booked at historical cost, including any additional charges directly attributable to the asset and needed to bring it into service (e.g. transport, customs duty, installation and testing costs, notary and cadastral fees and any non-deductible VAT), increased by the present value of the estimated cost of restoring the location from an environmental point of view or dismantling the plant. Financial expenses, directly attributable to the purchase or construction of the asset, are capitalized as part of the asset cost, if the nature of the asset warrants their capitalization. If important items of tangible assets have different useful lives, they are accounted for separately according to the ″component approach″, giving each of them its own useful life for the purpose of calculating depreciation. All plots of land, whether occupied by residential or industrial buildings or devoid of construction, are not depreciated as they have 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 wholly expensed to the income statement in the year they are incurred. Costs incurred for regular maintenance are attributed to the assets to which they refer and are depreciated over their specific residual useful life.
The tangible assets are shown net of accumulated depreciation and any write-downs. Depreciation is calculated from the year in which the individual asset enters service and is charged 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 their 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.
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 plant ______ 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 tests if there are specific signs that they have suffered a loss of value. This test will be carried out in accordance with the method explained in the paragraph below on "Impairment of assets"; write-downs can be reversed in subsequent periods if the reasons for them no longer apply.
When an asset is sold or future economic benefits are no longer expected from using the asset, it is eliminated from the balance sheet and any gain or loss (i.e. the difference between the disposal value and the carrying value) is booked to the income statement in the year of the elimination.

Intangible assets

Intangible assets are identifiable non-monetary assets that cannot be physically identified, which are controlled by the enterprise and able to produce future economic benefits; this category also includes goodwill that has been purchased at a price.

The fact of being identifiable is to distinguish an intangible asset that has been acquired from goodwill; usually, this requirement is met when: (i) the intangible asset is attributable to a legal or contractual right, or (ii) the asset is separable, on other words it can be sold, transferred, rented out or exchanged autonomously or as an integral part of other assets.
Control by the enterprise consists of the right to enjoy the future economic benefits deriving from the asset and the possibility of limiting access to it by others.
Intangible assets are reported in the financial statements 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 charged to income in the period in which the costs are incurred.

Intangible assets with a definite useful life are reported in the financial statements net of the related accumulated amortization and impairments in the same way as for tangible assets. Changes in the expected useful life or in the ways in which the future economic benefits of an intangible asset are achieved by the entity are accounted for by suitably adjusting the period or method of amortization, treating them as changes in accounting estimate. The amortization applied to intangible fixed assets with a definite useful life is charged to the income statement in the cost category that reflects the function of the intangible asset concerned.

Intangible assets are subjected to impairment tests if there are specific signs that they have suffered a loss of value using the methods explained below in the paragraph entitled "Impairment of assets"; write-downs can be reversed in subsequent periods if the reasons for them 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 specific signs that they have suffered a loss of value, using the methods explained below in the paragraph entitled "Impairment of assets". Write-downs of goodwill cannot subsequently be written back.

Gains or losses on disposal of an intangible asset are calculated as the difference between the disposal value and the carrying value of the asset and are booked to the income statement at the time of 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

In the presence of specific features of the concession arrangements, IFRIC 12 permits public sector assets to be recognized as intangible assets and/or as financial assets, depending on whether the operator has a right to receive cash from the customer for the service provided and/or has a right to receive payment from the grantor.

Impairment of assets

Tangible assets are subjected to impairment testing if there are specific signs that they have suffered a loss of value.
Goodwill, other intangible assets with an indefinite useful life or assets not available for use are tested for impairment every year or more frequently if there are signs that the assets may have suffered a loss in value.
Impairment testing consists of comparing the recoverable amount of the asset with its net book value.
The recoverable amount of an asset is the greater of its fair value, net of selling costs, 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, before tax, applying a pre-tax discount rate, which reflects current market valuations of the time value of money and the specific risks to which the asset is exposed. A loss in value is booked to the income statement if the realizable value is lower than the book value. If subsequently a loss on an asset, other than goodwill, is eliminated or reduced, the book value of the asset is raised up to the new estimated recoverable amount, but without it exceeding the value that the asset would have had without any impairment loss. Write-backs of impairment losses are booked immediately to the income statement.
When it is not possible to estimate the recoverable value of an individual asset, the entity estimates the recoverable value of the cash generating unit (CGU) or group of CGUs to which the asset belongs or to which it can reasonably be allocated.
The CGUs have been identified according to the organizational and business structure, as homogeneous aggregations that generate independent cash inflows deriving from the continuous use of the assets attributed to them.

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 which are in excess of the company's requirement in relation to the obligations accruing at the end of the year are booked to other intangible assets at cost. Quotas or certificates assigned free of charge are booked at a zero

value. Given that they are assets for instant use, they are not amortized but subjected to an impairment test. The recoverable amount is the greater of its value in use and its 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, provision is made in the financial statements for the charge needed to meet the residual obligation; this is 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 booked to 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 booked at a zero value. 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.

Investments in subsidiaries, affiliates and joint ventures

Subsidiaries are those companies where Parent Company has control, giving it autonomous power to make strategic decisions for the company in order to obtain the related benefits. Generally speaking, it is assumed that control exists when more than half of the voting rights that can be exercised at ordinary shareholders' meetings are held, directly and indirectly, also considering so-called potential votes, i.e. voting rights deriving from convertible instruments.

Subsidiaries are consolidated on a line-by-line basis.

Affiliates are those companies where the Parent Company has significant influence over strategic decisions, despite not having control, also considering potential voting rights deriving from convertible instruments; significant influence means that A2A S.p.A., directly or indirectly, holds more than 20% of voting rights that can be exercised at ordinary shareholders' meetings.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity subject to joint control.

Investments in affiliates and joint ventures are recognized in the consolidated financial statements with the equity method.

Long-term construction contracts in progress

Long-term construction contracts currently in progress are valued on the basis of the contractual fees that have accrued with reasonable certainty, according to the percentage of completion (or "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 the advances received is booked respectively to the asset or liability side of the statement of financial position.
In addition to the contractual fees, contract revenues include any variants, price revisions and incentive awards to the extent that probably represent actual revenues that can determined with a reasonable degree of reliability. Ascertained losses are recognized independently of the stage of completion of the contracts.

Inventories

Inventories of materials and fuel are valued at the lower of weighted average cost and market value at the period-end. Weighted average cost is determined for the period of reference and for each inventory code. Weighted average cost includes any additional costs (such as sea freight, customers charges, insurance, lay or demurrage days in the purchase of fuel) relating to purchases during the period. Inventories are constantly monitored and, whenever necessary, technologically obsolete stocks are written down with a charge to the income statement.

Financial instruments

Financial assets and liabilities are booked according to IAS 39 – "Financial instruments: recognition and measurement".
Financial instruments include investments (excluding investments in subsidiaries, affiliates and joint ventures) held for trading or available for sale and non-current receivables and loans, trade and other receivables originated by the company and other current financial assets such as cash and cash equivalents. Cash and cash equivalents include bank deposits, readily negotiable securities used as temporary investments of surplus cash and financial receivables due within three months. They 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 foreseen by the instrument arise.

Initially, all financial assets are recognized at fair value, including ancillary charges (purchase/issue costs), in the case of assets and liabilities not measured at fair value through profit and loss.

Measurement subsequent to initial recognition depends on the classification of the financial instrument to one of the following categories:

- non-derivative financial assets and liabilities at fair value through profit or loss include:
  - financial assets and liabilities held for trading (HFT), i.e. with the intention of repurchasing or reselling them in the short term;
  - financial liabilities which on initial recognition have been designated as being at fair value through profit and loss;
- other non-derivative financial assets and liabilities, including:
  - loans and receivables (L&R);
  - investments held to maturity (HTM);
  - financial liabilities valued 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 and loss are measured at fair value with any changes being booked to the income statement;
- other non-derivative financial assets and liabilities with fixed or determinable payments other than investments are valued at amortized cost. Any transaction costs incurred during the acquisition or sale are adjusted directly on the nominal value of the asset or liability (e.g. issue premium or discount, loan acquisition costs, etc.), while financial income and expenses are re-measured on the basis of the effective interest rate method. Financial assets are assessed regularly to see if there are any signs that they have suffered impairment. In the assessment of receivables in particular, account is taken of the solvency of the creditors, as well as the characteristics of credit risk, which are indicative of the individual payment capacity of the individual debtors. Any impairment losses are booked as a cost to the income statement. This category includes the investments held with the intent and the capacity for them to be held to maturity, non-current loans and receivables, trade receivables and other receivables originated by the business, financial payables, trade payables, other payables and other financial liabilities;
- available-for-sale financial assets - represented by non-derivative financial assets that are not classified as financial assets at fair value through profit and loss or other financial assets - are measured at their fair value and any gains or losses on them are booked directly to equity until they are sold, at which stage they get transferred to the income statement; the losses booked directly to equity are in any case reversed and booked to the income statement, even if the financial asset has not been eliminated, if there is objective evidence that the asset has suffered impairment; unlisted shareholdings with a fair value that cannot be reliability measured, on the other hand, are valued at cost less any impairment

losses; their value is restated in future years if the reasons for the write-down no longer apply, except for write-downs of equity instruments. This category essentially includes the other shareholdings (i.e. not subsidiaries, joint ventures or affiliates), except for those held for trading (trading investments);

- derivatives, including embedded derivatives separated from the host contract, are measured at fair value with any changes being booked to the income statement if they do not satisfy the conditions to qualify as hedges. Derivatives are classified as hedges when the relationship between the derivative and the item being hedged is formally documented and the effectiveness of the hedge is high, this being checked periodically. Hedging derivatives that limit the risk of fluctuations in the fair value of the items being hedged (fair value hedges) are booked at fair value through profit and loss; in the same way, the instruments being hedged are adjusted to reflect changes in the fair value associated with the risk being hedged. When derivatives hedge the risk of changes in the cash flows generated by the instruments being hedged (cash flow hedges), the effective portion of changes in the fair value are booked to equity, while the ineffective portion is charged to the income statement. The amounts booked directly to equity are reflected in the income statement in line with the economic effects produced by the item being hedged.

If hedge accounting cannot be applied, any gains or losses arising on measurement of the current value of the derivative are booked immediately to 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:

- the rights to receive cash flows come to an end; in particular the assets is derecognized on the value date;
- the Company 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 Company 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) if it has neither transferred nor retained substantially all of the risks and rewards of the asset, but has transferred control over it.

In the cases in which the Company has transferred the rights to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control over it, the Company continues to recognize the asset to the extent that it has a continuing involvement in the asset. A continuing involvement that takes the form of a guarantee over the asset that has been transferred is measured at the lower of the initial book value of the asset and the maximum amount that the Company might have to pay. Trade receivables considered definitively unrecoverable after all the necessary recovery procedures have been completed are also derecognized.

A financial liability is derecognized from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.
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 transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognized in the income statement.

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 recognized valuation methods. The valuation of financial derivatives for electricity at fair value, in the absence of a forward market curve, 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 book value will be recovered principally by being sold off rather than being continuously used, are valued at the lower of net book value and fair value, net of selling costs. A disposal group is understood as being a series of assets and liabilities that are directly correlated and likely to be sold off as part of a single transaction. Discontinued operations, on the other hand, consist of a significant portion of the Group, such as an important independent business division representing an activity or geographical area of activity, or a subsidiary bought exclusively with a view to reselling it.
With reference to discontinued operations, the net economic results made by them during the disposal process and the corresponding comparative figures for the previous year or period are shown on a specific line in the income statement: net result from non-current assets sold and held for sale.
This item includes also gains/losses on disposals of non-current assets.

Employee benefits

Severance indemnities and pension provisions are determined using an actuarial method; the rights accrued by employees during the year are booked to the income statement under "labour cost", whereas the imputed financial cost that the company would have to bear were it to ask the market for an equivalent loan is booked to net financial income (charges). The actuarial gains and losses, which reflect the effects of changes in the actuarial assumptions,

are recognized in the comprehensive income statement, taking into account the residual average service years of the employees.
In particular, as a result of Budget Law no. 296 of December 27, 2006, only the portion of accrued severance indemnities that remained in the company has been valued according to IAS 19, as indemnities 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 that employees will render in the future.
Guaranteed employee benefits paid on or after termination of employment through defined-benefit plans (energy discount, health care or other benefits) or long-term benefits (loyalty bonus) are recognized in the period when the right accrues.
The liability relating to defined-benefit plans, net of any assets that exist to service the plan, is determined on the basis of actuarial assumptions and booked on an accrual basis in line with the work needed to be done to obtain the benefits; the liability is valued by independent actuaries.
Gains and losses arising from the actuarial calculation (excluding long-term benefits related to loyalty bonuses) are charged to the comprehensive income; actuarial gains and losses related to the loyalty bonus are recognized in the income statement as financial income and expense.

Provisions for risks, charges and liabilities for landfills

The provisions for risks and charges concern costs of a determined nature that definitely or probably exist, but which at the balance sheet date are uncertain in terms of amount or timing. Such provisions are recognized when there is a current liability (legal or implicit), deriving from a past event, if it is likely that resources will have to be spent to satisfy the liability and it is possible to make a reasonable estimate of the amount of the liability.
Provisions are booked for an amount that represents the best estimate of the amount that the Company would have to pay to extinguish the liability, or to transfer it to third parties, as of the balance sheet date. If the effect of discounting is significant, the provisions are calculated by discounting expected future cash flows at a pre-tax discount rate that reflects a current market valuation of the cost of money over time. If discounting is applied, the increase in the provision due to the passing of time is booked as a financial expense.
If the liability refers to property, plant and equipment (such as dismantling and reclaiming industrial sites), the initial provision is recognized as a contra-entry to the assets to which it refers; the expense is then charged to the income statement through the process of depreciating the asset in question.

Treasury shares

Treasury shares are booked as a reduction of equity. The par value of the treasury shares is booked as a separate item as a reduction of equity.

Grants

Grants, both from public entities and from external private entities, are booked at fair value when there is reasonable certainty that they will be received and that the Company will be able to comply with the terms and conditions for obtaining them.
Grants received to help cover the cost of specific items of tangible assets are booked as a direct reduction of the assets concerned and credited to the income statement over the period of depreciation of the assets to which they refer.
Operating grants (given to provide the company with immediate financial aid or as compensation for costs or losses incurred in a previous accounting period) are charged in their entirety to the income statement as soon as the conditions for booking the grants are satisfied.

Revenues and costs

Revenues 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 be enjoyed. 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 they are still to be invoiced, and determined by integrating those based on pre-established meter-reading calendars with suitable estimates. These revenues are based, when applicable, on the tariffs and related tariff restrictions in place during the year under review; they are foreseen by current law and by the Italian Authority for Electricity and Gas and equivalent organization abroad;
- connection contributions paid by users, if not for costs incurred to extend the network, are book to income on collection and shown under “revenues from services”;
- the revenues billed to users for an extension of the gas network are accounted for as a reduction in the value of property, plant and equipment wand are recognized in the income statement as a reduction in depreciation over the useful life of the cost capitalized to extend the network;
- the revenues and costs involved in taking delivery of quantities that are higher or lower than the Group’s share are measured at the prices foreseen 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 establish the value of 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 green certificates are booked at the time of sale.

Revenues are booked net of returns, discounts, allowances and bonuses, as well as directly related taxes.
Costs are for goods or services sold or consumed during the year or as a result of systematic allocation; if it is not possible to see any future use for them, they are charged to income.

Financial income and expenses

Financial income is recognized on an accrual basis by applying the effective interest rate, which is the interest rate necessary to equate the present value of the future cash flows generated by a financial asset over its expected life to the carrying amount of such asset.
Financial expenses are recognized on an accrual basis and booked to the income statement for the amount calculated with the application of the effective interest.

Dividends

Dividends are classified as financial income in the income statement and are booked when the shareholders' right to payment is established.

Income taxes

Current taxes

Current income taxes for the period are based on an estimate of taxable income and in compliance with tax regulations in force or virtually approved at financial year-end, taking into account any applicable exemptions and tax credits. Moreover, account is taken of the effects of the application of the national tax consolidation approach within the Group.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated on the temporary differences between the book value of assets and liabilities in the balance sheet and the corresponding tax bases, except for goodwill, which is not tax deductible, any differences deriving from investments in subsidiaries that are not expected to be cancelled in the near future. The applicable tax rates

are those estimated to be in force when the temporary differences reverse. Deferred tax assets are recognized to the extent that there will probably be sufficient taxable income in the future to absorb them. The book value of deferred tax assets is reduced to the extent that it is no longer probable that the tax benefit will be realized. The valuation of deferred tax assets takes account of the planning period for which corporate plans are available.
When the results are booked directly to equity, current taxes, deferred tax assets and deferred tax liabilities are also booked directly to equity. The deferred tax liabilities on profits not distributed by Group companies are only provided for if there is a genuine intention to distribute such profits and, in any case, if the taxation is not offset against a consolidated tax loss.
Deferred tax assets and deferred tax liabilities are classified under non-current assets and liabilities.
Taxes can be offset only when they apply to the same taxing authority, there is a legal right to offset and payment of the net amount is expected.

Use of estimates

Preparing the financial statements and notes required the use of estimates and assumptions both in the recognition of certain assets and liabilities and in the measurement of contingent assets and liabilities. The actual results after the event could differ from such estimates.
Specifically, estimates have been used in impairment testing, to determine certain sales revenues, in provisions for risks and charges, in allowances for receivables and other write-downs, amortization and depreciation, the valuation of derivatives, employee benefits and taxes. Estimates and their underlying assumptions are revised periodically and the impact of any change is booked immediately to the income statement.
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 subsequently have a material impact on the results.

Impairment testing

The book value of non-current assets (including goodwill and the other intangible assets) and of the assets available for sale is checked periodically and any time the circumstances or events require them to be checked more often. If it is felt that the book value of a group of nonαcurrent assets has suffered an impairment, it is written down to its recoverable value, which is estimated according to its use and future sale, depending on what was established in the Company's latest plans. Management is of the opinion that the estimates of these recoverable amounts are reasonable, even though possible changes in the factors underlying the estimates on which these recoverable amounts have been calculated could lead to different assessments. For further details on the methods to carry out impairment tests and their results, reference should be made to the specific paragraph below.

Revenue recognition

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

Provisions for risks and charges

In certain circumstances, it is not at all easy to identify whether a current (legal or constructed) obligation exists. The directors evaluate these situations case by case, together with an estimate of the resources required to fulfil the obligation. Estimating such provisions is the result of a complex process that involves subjective judgments on the part of management. When the directors are of the opinion that it is only possible that a liability could arise, the risks are indicated in the section on commitments and contingent liabilities, without making any provision.

Allowance for bad debts

The allowance for bad debts reflects estimated losses in the Group's receivables portfolio. Provisions have been made to cover expected bad debts, estimated on the basis of past experience of receivables with a similar risk profile, current and past uncollected accounts, reversals and collections, as well as careful monitoring of the quality of the receivables portfolio and the current and foreseeable conditions of the economy and markets of reference.
Even though the provision is considered adequate, the use of different hypotheses or changes in prevailing economic conditions, even more so in this period of recession, could give rise to changes in the allowance for bad debts.

Amortization and depreciation

Depreciation and amortization are a relevant expense for the Group. Non-current assets are depreciated or amortized each year on a straight-line basis over the useful life of the assets. The useful life of Group's non-current assets is established by the directors, with the help of experts, at the time they are purchased. The Group periodically evaluates technological and sector developments, dismantling/closure charges and the recovery value as assets to update their residual useful life. This periodic update could entail a change in the period of depreciation or amortization and hence also the depreciation/amortization charge in future years.

Valuation of derivatives

The derivatives used are recognized at fair value based on the forward market curve at the balance sheet date, if the underlying of the derivative is traded on markets where official, liquid forward prices are quoted. If the market does not quote forward prices, forecast price curves are used based on simulation models developed by the Group companies internally. However, the effective results of derivatives could differ from the initial estimates made.
Note that, compared with previous years, the serious turbulence that took place on the 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 these expenses and the related liabilities are based on actuarial assumptions. The effects of any changes in these assumptions are recognized in a separate reserve under equity, except long-term benefits related to loyalty bonuses.

Business combinations

Business combinations are recognized pursuant to IFRS 3 revised and the process involves the allocation to over the assets and liabilities of the acquired company the difference between the purchase price and the acquiree's book value of its net assets. For most assets and liabilities such allocation takes place by recognizing their fair value. Any positive difference between price and fair value is recognized as goodwill while a negative difference is recognized in the income statement. In the allocation process the A2A Group relies on available information and, for the most significant business combinations, on external valuers.

Current taxes and the future recovery of deferred tax assets

The uncertainties that exist regarding the correct way of applying certain tax regulations introduced recently have involved the Group taking an interpretative stance when providing for current taxes in these 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 income expected to be generated in future years. The measurement of expected income for the purpose of accounting for deferred taxation depends on factors that can vary over time and lead to significant effects on the measurement of deferred tax assets.

Notes to the balance sheet

Changes with respect to December 31, 2011

The statement of financial position reflects the effects of the transfer of “Ciclo Attico” to the subsidiary A2A Energia S.p.A., effective December 31, 2012. The value of the transaction was the carrying amount.

The statement of financial position as of December 31, 2012 shows total assets for 7,304,577 thousand euro and liabilities for 4,767,093 thousand euro; equity amounts to 2,537,484 thousand euro.

Net income for the year was 183,155 thousand euro.

ASSETS

Non-current assets

1) Tangible assets

Thousands of euro	Amount at 12 31 2011	Effect of non-recurring transactions	Changes during the year					Amount at 12 31 2012
			Investments	Other changes	Disposals net of accumulated depreciation	Depreciation and write-downs	Total Changes	
Land	30,127			27	(12)		15	30,142
Buildings	324,977		1,451	654	(59)	(13,025)	(10,979)	313,998
Plant and machinery	972,090		21,604	326,991	(11,239)	(114,951)	222,405	1,194,495
Industrial and commercial equipment	2,088		236	10		(669)	(423)	1,665
Other property,plant and equipment	4,078		1,348		(17)	(1,108)	223	4,301
Assets to be handed over	296,442			(296,442)			(296,442)	
Construction in progress and advances	21,036		29,606	(30,907)	(57)		(1,358)	19,678
Leasehold improvements	33					(3)	(3)	30
Total tangible assets	**1,650,871**		**54,245**	**333**	**(11,384)**	**(129,756)**	**(86,562)**	**1,564,309**

At December 31, 2012 tangible assets amounted to 1,564,309 thousand euro (1,650,871 thousand euro in the previous year).

Tangible assets fell by 86,562 thousand euro as a result of the following:

- investments for 54,245 thousand euro;
- other increases by 333 thousand euro;
- disposals of assets, net of the relevant accumulated depreciation, for 11,384 thousand euro;
- depreciation for the year for 129,756 thousand euro.

For further details on changes during the year please refert to attachment "1. Statement of changes in tangible assets".

Investments carried out during the year relate to:

- "Buildings" for 1,451 thousand euro. More specifically, these include 683 thousand euro in works on the buildings in Monfalcone; 399 thousand euro in works on buildings in via Caracciolo, piazza Trento, piazza Po, via Orobia, Canavese and on the warehouse of via Gonin in Milan, as well as investments on the buildings in Cassano d'Adda and Grosio; 172 thousand euro in works on the building in via della Signora in Milan; 143 thousand euro in works on the offices of via Lamarmora in Brescia; 22 thousand euro for works in the plant of Roè Volciano; 19 thousand euro in works on the buildings in Via Codussi in Bergamo; 13 thousand euro to lay cables in the buildings of Brescia and Bergamo;
- "Plants and machinery" for 21,604 thousand euro. In particular, 18,872 thousand euro relate to works in the power plant of Cassano d'Adda, 315 thousand euro to the power plants of Grosio, Premadio, Lovero, Prevalle, Pompegnino and Mincio; 1,589 thousand euro to the power plants of Timpagrande, Calusia, Satriano, Savuto, Magisano, Orechiella and Albi in Calabria; 621 thousand euro to the power plant of Monfalcone and, lastly, 207 thousand euro to cabling and other data transmission networks in Valtellina;
- "Industrial and commercial equipment" for 236 thousand euro;
- "Other assets" related to Furniture, fittings, computers, mobile phones and assets worth less than 516 euro, for 1,348 thousand euro;
- "Construction in progress and advances" for 29,606 thousand euro.

The total amount of "Tangible assets" includes 19,678 thousand euro (21,036 thousand euro at December 31, 2011) in "Construction in progress and advances". The decrease of 1,358 thousand euro in this *item* resulted from the combination of the following:

- an increase of 29,606 thousand euro due to: 767 thousand euro in works on buildings (mainly on the plant in Monfalcone, on the offices in Via Lamarmora in Brescia, on the power plant of Cassano and the Mincio power plant; 28,815 thousand euro in works on the power plant of Monfalcone (3,941 thousand euro), on the hydroelectric plants in Calabria

(9,019 thousand euro), on the plants of Prevalle, Roè Volciano, Pompegnino and Cogozzo (4 thousand euro), on the plants of Lovero, Grosio, Premadio, Braulio, Stazzona (5,165 thousand euro), on the plant of Cassano d'Adda (10,554 thousand euro), on the plant of Mincio (132 thousand euro); 24 thousand euro in works on the distribution networks and the telephone grid in Valtellina;

- a decrease resulting from the entry of assets into service, amounting to 31,350 thousand euro, including: 295 thousand euro for the completion of the works related to the buildings in Monfalcone, Bergamo, Cassano D'Adda, power plants in Calabria and Brescia; 31,055 thousand euro related to the production plants and distribution networks (of which 3,392 thousand euro for the plants of Monfalcone, 8,694 thousand euro for the hydroelectric plants in Calabria, 5,888 thousand euro for the hydroelectric plants in Valtellina, 11,051 thousand euro for the plant in Cassano d'Adda, 1,550 thousand euro for the Turbogas equipment in the Mincio power plant, 480 thousand euro for the telephone and data collection network in Valtellina);
- an increase of 386 thousand euro for other changes during the year.

2) Intangible assets

Thousands of euro	Amount at 12 31 2011	Effect of non-recurring transactions	Changes during the year					Amount at 12 31 2012
			Investments	Other changes	Disposals net of accumulated amortization	Amortization	Total Changes	
Patents	20,854		9,918	17,705		(16,905)	10,718	31,572
Concessions, licenses, trademarks and similar rights	3,009		1,612			(1,742)	(130)	2,879
Goodwill	39,612							39,612
Assets under construction	15,184		11,893	(17,859)			(5,966)	9,218
Other intangible assets	349					(59)	(59)	290
Total intangible assets	**79,008**		**23,423**	**(154)**		**(18,706)**	**4,563**	**83,571**

"Intangible assets" at December 31, 2012 amounted to 83,571 thousand euro (79,008 thousand euro at December 31, 2011). It is worth noting that, following the application of IFRIC 12 starting in 2010, intangible assets include assets under concession arrangements.

The increase of 4,563 thousand euro was due to the combined effects of the following:

- investments for 23,423 thousand euro;
- negative changes for 154 thousand euro;
- amortization for the year of 18,706 thousand euro.

In particular, investments carried out during the year include:

- 9,918 thousand euro in patents and intellectual property rights concerning mainly the database physical separation project, the new communication, sale and distribution protocol system, the CRM software application, the new single integrated marketing support system, the makeover of the A2A website;
- 1,612 thousand euro in concessions, licenses, trademarks and similar rights related to the purchase of software for 1,523 thousand euro and investments in prayer lamps (reclassified following the application of IFRIC 12) for 89 thousand euro;
- 11,893 thousand euro for intangible assets under construction.

At financial year-end, "Intangible assets" included "Assets under construction" for 9,218 thousand euro (15,184 thousand euro at December 31, 2011), which show a decrease of 5,966 thousand euro resulting from the combined effects of:

- an increase of 11,893 thousand euro concerning the sales system convergence application, Netgate, the "database physical separation" project, the new work management software, and other IT projects;
- a decrease of 17,859 thousand euro due to the entry into service of software and IT applications.

For further details, reference should be made to attachment "2. Statement of changes in intangible assets".

Goodwill

Thousands of euro	Amount at 12 31 2011	Non-recurring transac-tions	Changes during the year						Amount at 12 31 2012
			Invest-ments	Other changes	Reclassifi-cations	Disposals/ write-downs Svalutaz.	Amortiza-tion	Total changes	
Goodwill	39,612								39,612
Total goodwill	**39,612**		-	-	-	-	-	-	**39,612**

Under IAS 36 goodwill, an intangible asset with an indefinite useful life, is not amortized systematically but tested for impairment test at least once a year. Given that goodwill does not generate independent cash flows, nor can it be sold independently, IAS 36 states that the recoverable amount of goodwill shown in the balance sheet can be estimated on a residual basis, determining the cash flows generated by a series of assets that make up the Cash Generating Unit (CGU) to which it belongs.

Goodwill for 37,480 thousand euro, which resulted from acquisitions, is only part of the amount of goodwill reported in the consolidated financial statements. Thus, the method followed to identify the CGUs, involving the allocation of goodwill and the calculation of the recoverable amounts, is consistent with that adopted for the consolidated financial statements, reference to which is made for further details (note 2).

Goodwill for 2,132 thousand, which resulted from intercompany acquisitions, was tested for impairment and no impairment charges were taken as of December 31, 2012.

3) Shareholdings and other non-current financial assets

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2012	*of which included in net debt*	
					12 31 2011	*12 31 2012*
Shareholdings in subsidiaries	3,727,378	200	252,894	3,980,472		
Shareholdings in affiliates	490,671	-	(308,225)	182,446		
Other non-current financial assets	14,305	-	(4,634)	9,671	6,635	5,016
Shareholdings and other non-current financial assets	**4,232,354**	**200**	**(59,965)**	**4,172,589**	**6,635**	**5,016**

Shareholdings in subsidiaries

“Shareholdings in subsidiaries” amounted to 3,980,472 thousand euro (3,727,378 thousand euro at December 31, 2011).

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

Shareholdings in subsidiaries - *Thousands of euro*	**Total**
Balance at December 31, 2011	**3,727,378**
Changes during the year:	
- effect of non-recurring transactions	200
- disposals and decreases	(32,952)
- acquisitions and capital increases	441
- revaluations	–
- write-downs	(4,595)
- reclassifications	290,000
Total changes for the year	**253,094**
Total changes net of non-recurring transactions	**252,894**
Balance at December 31, 2012	**3,980,472**

The amount of shareholdings in subsidiaries rose by 252,894 thousand euro compared with the end of the previous year, net of the effect of non-recurring transactions of 200 thousand euro, and it refers to:

- a 32,952 thousand euro decrease resulting from the sale of the investment in A2A Coriance S.a.s.;

- a 441 thousand euro increase determined by the acquisition of an additional shares in Aprica S.p.A. (41 thousand euro) and the payment of a price supplement, as per the relevant agreement, in relation to the equity interest in Abruzzoenergia S.p.A. (400 thousand euro);
- a 4,595 thousand euro write-down of the investment in A2A Ciclo Idrico S.p.A., to align the carrying amount of the investment in this company to the value resulting from the impairment test;
- a 290,000 thousand euro increase due to the reclassification to this sub-item of the investment in Edipower S.p.A., accounting for 20% of this company's shares outstanding, from "Investments in affiliates", following the acquisition of 70% of Edipower S.p.A. by the subsidiary Delmi S.p.A.. The merger agreement between Delmi S.p.A. and Edipower S.p.A. was signed on December 18, 2012, effective on January 1, 2013.

Furthermore, December saw the disposal of A2A Servizi alla Distribuzione S.p.A. to the subsidiary A2A Reti Gas S.p.A. for 620 thousand euro in an all-share transactions which resulted in a capital increase of the latter.

The transfer of the "Ciclo Attivo" unit to the subsidiary A2A Ciclo Energia S.p.A. resulted in an increase in investments in subsidiaries for 200 thousand euro.

For details on changes in shareholdings, please see attachment 3/a for the investments in subsidiaries and attachment 4/a for the comparison between the book value of shareholdings and the corresponding portion of equity.

Shareholdings in affilitates

"Shareholdings in affiliates" amounted to 182,446 thousand euro (490,671 thousand euro at December 31, 2011).

Movements of the year are shown below:

Shareholdings in affiliates - *Thousands of euro*	**Total**
Balance at December 31, 2011	**490,671**
Changes during the year:	
- acquisitions and capital increases	6,375
- disposals	(24,000)
- revaluations	
- write-downs	(600)
- reclassifications	(290,000)
Total changes for the year	**(308,225)**
Balance at December 31, 2012	**182,446**

Compared to December 31, 2011, "Shareholdings in affiliates" fell by 308,225 thousand euro due to the combined effects of the following:

- an increase of 6,375 thousand euro related to the future capital increase of Ergosud S.p.A. (6,350 thousand euro) and the acquisition of a 0.29% equity interest in Azienda Servizi Valtrompia S.p.A. (25 thousand euro);
- a 24,000 thousand euro decrease due to the sale of the investment in Metroweb S.p.A.;
- a decrease of 600 thousand euro due to the write-down of the investment in Ergon Energia S.r.l. in liquidation;
- a decrease of 290,000 thousand euro due to the reclassification of the investment in Edipower S.p.A. to "Investments in subsidiaries".

For further details on shareholdings in affiliates, reference should be made to attachments 3/b and 4/b.

Other non-current financial assets

At December 31, 2012 "Other non-current financial assets" amounted to 9,671 thousand euro (14,305 thousand euro at December 31, 2011) including:

- financial assets held to maturity represented by Government securities for 92 thousand euro, unchanged from the previous year;
- financial assets with related parties for 4,924 thousand euro (6,543 thousand euro at December 31, 2011). This caption refers both to financial receivables outstanding with subsidiaries, mainly Seasm S.r.l. (1,489 thousand euro), and to financial receivables outstanding with the city of Brescia, following application of IFRIC 12 (3,435 thousand euro);
- available-for-sale financial assets for 4,655 thousand euro (7,670 thousand euro at December 31, 2011), which fell by 3,015 thousand euro due to the write-down of the

investments in Immobiliare-Fiera Brescia, Infracom S.p.A. and E.M.I.T. S.p.A. for a total of 3,040 thousand euro and the partial subscription to the capital increase of AQM S.r.l. for 25 thousand euro.

4) Other non-current assets

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2012	*of which included in net debt* 12 31 2011	*of which included in net debt* 12 31 2012
Non-current derivatives	112,956		(42,738)	70,218	*112,956*	*70,218*
Other non-current assets	544		2	546		
Total other non-current assets	**113,500**		**(42,736)**	**70,764**	**112,956**	**70,218**

"Other non-current assets" amounted to 70,764 thousand euro (113,500 thousand euro at December 31, 2011), with a decrease of 42,736 thousand euro from the previous year, and were made up of:

- 70,218 thousand euro for non-current hedging derivatives, principally contracts stipulated in connection with committed lines of credit and Interest Rate Swap (IRS) contracts hedging the risk of changes in interest rates on long-term bond loans. This item shows a decrease of 42,738 thousand euro from the previous year mainly due to the measurement at fair value;
- 546 thousand euro for other non-current assets related to other receivables.

CURRENT ASSETS

5) Inventories

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2012
Inventories	**5,263**		**121**	**5,384**

At December 31, 2012, "Inventories" amounted to 5,384 thousand euro (5,263 thousand euro at December 31, 2011) and showed an increase of 121 thousand euro. This caption includes inventories of materials for 5,331 thousand euro and fuel for 53 thousand euro.

6) Trade receivables

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2012
Trade receivables	184,031		(27,651)	156,380
Allowance for bad debts	(5,613)		(179)	(5,792)
Total trade receivables	**178,418**		**(27,830)**	**150,588**

At December 31, 2012, trade receivables amounted to 150,588 thousand euro (178,418 thousand euro at December 31, 2011) and decreased by 27,830 thousand euro, related:

- to a decrease in receivables from subsidiaries, controlling entities and affiliates for 27,478 thousand euro;
- to a decrease in receivables from customers for 352 thousand euro.

At December 31, 2011 the allowance for bad debts amounted to 5,792 thousand euro, with an increase of 179 thousand euro. This allowance is considered adequate to cover the risk of customer defaults.

Changes in the allowance for bad debts for the sale of power and services are shown in the following table:

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring Transactions	Provisions	Utilizations	Other changes	Balance at 12 31 2012
Allowance for bad debts	**5,613**		**451**	**(272)**	**-**	**5,792**

7) Other current assets

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transac-tions	Changes during the year	Balance at 12 31 2012	*of which included in net debt*	
					12 31 2011	*12 31 2012*
Current derivatives	-		7,770	7,770	-	7,770
other current assets	49,297		(26,695)	22,602		
Total other current assets	**49,297**		**(18,925)**	**30,372**	**-**	**7,770**

“Other current assets” amounted to 30,372 thousand euro (49,297 thousand euro at December 31, 2011) with a decrease of 18,925 thousand euro, reflecting:

- 7,770 thousand euro in hedging derivatives, mainly interest rate swap (IRS) contracts entered into to hedge interest rate risk on bonds issued;

- 22,602 thousand euro in relation to other receivables. This item refers to receivables from subsidiaries, for the Group's tax consolidation, for 12,890 thousand euro, receivables for VAT and other receivables from the tax authorities of 3,532 thousand euro, advances to suppliers of 32 thousand euro, and sundry receivables of 6,148 thousand euro.

8) Current financial assets

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2012	*of which included in net debt*	
					12 31 2011	*12 31 2012*
Financial assets outstanding with related parties	1,111,128	(1,457)	(240,850)	868,821	*1,111,128*	*868,821*
Total	**1,111,128**	**(1,457)**	**(240,850)**	**868,821**	**1,111,128**	**868,821**

"Current financial assets" amounted to 868,821 thousand euro and related to:

- 864,888 thousand euro of financial receivables from subsidiaries due to the balance of intercompany current accounts. The interest rates on intercompany current accounts are obtained by adding a spread to the 3-month Euribor;
- 3,933 thousand euro of financial receivables from affiliates.

The decrease of 240,850 thousand euro, net of the negative effect of non-recurring transactions for 1,457 thousand euro, related mainly to the repayment of the loan extended to Edipower S.p.A. for 220,000 thousand euro, as well as minor amounts due from subsidiaries within the Group's cash management system.

9) Current tax assets

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2012
Current tax assets	**24,486**		**33,188**	**57,674**

At December 31, 2012 this item amounted to 57,674 thousand euro (24,486 thousand euro at December 31, 2011) and refers to tax credits for IRES (corporate income tax) and IRAP (regional business tax) for the year.

10) Cash and cash equivalent

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2012	*of which included in net debt* 12 31 2011	*of which included in net debt* 12 31 2012
Cash and cash equivalents	39,380		261,125	300,505	*39,380*	*300,505*

“Cash and cash equivalents” at December 31, 2012 amounted to 300,505 thousand euro (39,380 thousand euro at December 31, 2011), with an increase of 261,125 thousand euro compared with the end of the previous year. Bank deposits include interest accrued but not yet credited at year-end.

11) Non-current assets held for sale

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2012
Non-current assets held for sale		**866**	**(866)**	**-**

At December 31, 2012 “Non-current assets held for sale” had zero balance (866 thousand euro at December 31, 2011), following the disposal during the year of the investments in Brescia Mobilità S.p.A. and e-Utile S.p.A., which had been classified under this item in the previous year.

EQUITY AND LIABILITIES

Equity

Equity, which at December 31, 2012 amounted to 2,537,484 thousand euro (2,435,111 thousand euro at December 31, 2011, reflecting the application of IAS 19 Revised Defined Benefits), is detailed in the table below:

Thousands of euro	**Balance at 12 31 2011** ***Restated***	**Effect of non-recurring transactions**	**Changes during the year**	**Balance at 12 31 2012**
Equity				
Share capital	1,629,111			1,629,111
(Treasury shares)	(60,891)			(60,891)
Reserves	1,330,750		(544,641)	786,109
Net income (loss) for the year	(463,859)		647,014	183,155
Total equity	**2,435,111**	**-**	**102,373**	**2,537,484**

12) Share capital

At December 31, 2012 “Share capital” amounted to 1,629,111 thousand euro and consisted of 3,132,905,277 ordinary shares with a nominal value of 0.52 euro each.

13) Treasury shares

At December 31, 2012 “Treasury shares” amounted to 60,891 thousand euro (unchanged from December 31, 2011), reflecting a total of 26,917,609 shares.

14) Reserves

Thousands of euro	**Balance at 12 31 2011**	**Changes during the year**	**Balance at 12 31 2012**
Reserves	**1,330,750**	**(544,641)**	**786,109**
of which			
Change in fair value of cash flow hedges	32,118	(52,498)	(20,380)
Tax effect	(10,920)	17,849	6,929
Cash flow hedge reserve	**21,198**	**(34,649)**	**(13,451)**

"Reserves", which at December 31, 2012 amounted to 786,109 thousand euro (1,330,750 thousand euro at December 31, 2011, reflecting the application of IAS 19 Revised Defined Benefits), decreased by 544,641 thousand euro mainly due to the allocation of the loss of 463,859 thousand euro incurred in 2011 and the dividend distribution. This item reflects also a decrease of 5,755 thousand euro determined by the early adoption of IAS 19 Revised Employee Benefits, which requires the recognition in equity of actuarial gains and losses. For more details, reference is made to note 18 "Employee benefits".

It is noted that this item includes the following restricted reserves:

- 138,040 thousand euro related to the reserve deriving from the spin-off transaction which took place in 1999. This reserve becomes available for distribution as the transferee companies amortize the higher values that determined the gain on transfer;
- 13,451 thousand euro for the negative cash flow hedge reserve which includes the measurement at fair value of hedging derivatives net of the tax effect;
- 176,626 thousand euro, as legal reserve.

15) Net income for the year

Net income for the year amounted to 183,155 thousand euro.

It is worth mentioning that total provisions and adjustments carried out pursuant to art. 109.4.B of T.U.I.R. amounted to 152,741 thousand euro, net of the deferred tax reserve relating to the amounts deducted.

In 2012 dividends distributed amounted to 40,378 thousand euro, equivalent to 0.013 per share.

LIABILITIES

NON-CURRENT LIABILITIES

16) Non-current financial liabilities

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2012	*of which included in net debt*	
					12 31 2011	*12 31 2012*
Non-convertible bonds	2,186,374		275,762	2,462,136	*2,186,374*	*2,462,136*
Due to banks	1,246,239		(648,965)	597,274	*1,246,239*	*597,274*
Due to other lenders	199,255		77	199,332	*199,255*	*199,332*
Total	**3,631,868**	-	**(373,126)**	**3,258,742**	***3,631,868***	***3,258,742***

”Non-current financial liabilities” amounted to 3,258,742 thousand euro (3,631,868 thousand euro at December 31, 2011), reflecting a decrease of 373,126 thousand euro.

“Non-convertible bonds” consist of four bonds issued by the Group:

- a ten-year bond with a nominal value of 500,000 thousand euro issued on May 28, 2004, at a fixed rate of 4.875%; its balance outstanding at December 31, 2012, reflecting its amortized cost, amounted to 499,176 thousand euro;
- a thirty-year bond issued in yen on August 10, 2006, with a nominal value of 98,000 thousand euro and a fixed rate of 5.405%; its balance outstanding at December 31, 2012, reflecting its amortized cost, amounted to 97,541 thousand euro;
- a bond with a nominal value of 1,000,000 thousand euro issued on November 2, 2009, with a seven-year maturity and a fixed rate of 4.50%; its balance outstanding at December 31, 2012, considering that the bond is hedged against changes in its fair value, amounted to 1.095,148 thousand euro;
- a seven-year bond with a nominal value of 750,000 thousand euro issued on November 28, 2012 and a fixed rate of 4.50% whose value at December 31, 2012, calculated with the amortized cost method, is 743,607 thousand euro.

The bond with a nominal value of 500,000 thousand euro issued on October 30, 2003 with a ten-year maturity was reclassified to “Current financial liabilities”.

The year-end re-measurements of non-convertible bonds at their fair value and at their amortized cost resulted in a decrease in ″Non-current financial liabilities″ of 4,913 thousand euro.

Total interest expense for the year on bonds issued amounted to 26,664 thousand euro.

The non-current portion of “Due to banks” fell by 648,965 thousand euro, mainly due to a reduced use of long-term committed lines and the reclassification of the current portion of medium- and long-term loans to “Current financial liabilities”; this decrease was partly offset by the use of two new medium- and long-term EIB loans maturing in 2027.

At December 31, 2012, “Due to other lenders” amounted to 199,332 thousand euro (199,255 thousand euro at December 31, 2011), representing a loan received from the Loan and Deposit Fund (Cassa DDPP), maturing in 2025.

17) Deferred tax liabilities

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2012
Deferred tax liabilities	65,770	117	(36,196)	29,691

This item, amounting to 29,691 thousand euro, reflects the difference between deferred tax liabilities and deferred tax assets for IRES and IRAP on changes and provisions made solely for tax purposes.

Deferred tax liabilities and deferred tax assets were offset pursuant to IAS 12.

The table below provides the relevant details:

Thousands of euro	**Balance at 12 31 2012**	**Balance at 12 31 2011**
Differences of amounts for property, plant and equipment	162,507	194,185
Application of finance lease standard (IAS 17)	7,678	7,845
Application of financial instrument standard (IAS 39)	-	13,822
Differences of amounts of intangible assets	9,322	10,368
Post-employment benefits	629	1,557
Other deferred liabilities	6,999	7,902
Total deferred liabilities (A)	**187,135**	**235,679**
Tax loss carryforwards	280	-
Taxed provisions	63,303	61,568
Amortization, depreciation and write-downs	20,026	25,290
Application of financial instrument standard (IAS 39)	4,537	509
Allowance for bad debts	2,320	865
Grants	3,535	3,535
Goodwill	57,384	72,504
Other deferred tax assets	6,059	5,638
Deferred tax assets (B)	**157,444**	**169,909**
Net effect deferred tax liabilities (A-B)	**29,691**	**65,770**

The company expects to recover deferred tax assets against future income.

For further information, please read the income statement caption “Income taxes”.

18) Employee benefits

Starting in 2012, the company elected to adopt early IAS 19 Revised (published in the Official gazette on June 6, 2012), as per the option provided for therein.

The amendment to IAS 19 – Employee Benefits - eliminated the option to defer recognition of actuarial gains and losses calculated with the corridor approach, requiring instead the presentation in the statement of financial position of the cumulative deficit or surplus in the pension plan in its entirety. Moreover, such amendment requires separate recognition, through profit or loss, of the interest cost of the plan and the recognition in other comprehensive income of the actuarial gains and losses resulting from the re-measurement of the plan’s assets and liabilities. Lastly, the return on the plan’s assets, as part of the finance element of the cost of defined benefit plans, must be computed with the same discount rate as that used for the liabilities and no longer on the basis of expected market returns for the plan’s investments.

Moreover, the amendment introduces additional disclosures to be reported in the notes.

To this end, attention is called to the following:

- on first-time adoption of IFRSs, the company had elected, among the possible options permitted by IAS 19, to recognize actuarial gains and losses through profit or loss; the revised version of this standard, endorsed by the EU Commission, requires the recognition of such gains and losses in a “Revaluation reserve” and in the “Statement of comprehensive income”, to provide more reliable and meaningful information;
- the above amendment, considering the retrospective application required by IAS 8, led to the restatement, for comparative purposes, of the company’s equity and income statement for the previous year, particularly interest expense, income tax and, consequently, net income. The effects and the restated figures were shown in the statement of comprehensive income and in the applicable equity reserve.

The effects resulting from the application of IAS 19R are summarized below:

thousands of euro	**Employee benefits**	**Pre-tax effect on equity**	**Effects on equity of deferred tax assets or liabilities**	**Interest income (expense)**	**Income tax**	**Net income**	**Compre-hensive result**
December 31, 2010 published	119,992			(1)		298,799	(26,932)
December 31, 2010 restated	119,992	(1)				298,799	(26,932)
Restatement effects (comparative data)		(1)		1			
December 31, 2011 published	116,626			(1,532)	521	(464,870)	(470,590)
December 31, 2011 restated	116,626	(1,532)	521			(463,859)	(470,590)
Restatement effects (comparative data)		(1,532)	521	1,532	(521)	1,011	
December 31, 2012	117,772	(7,917)	2,162			183,155	142,751

At financial year-end "Employee benefits" amounted to 117,772 thousand euro (116,626 thousand euro at December 31, 2011). Changes were as follows:

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Provisions	Utilizations	Other changes	Balance at 12 31 2012
Severance indemnities	29,308	(777)	4,679	(1,649)	(80)	31,481
Employee benefits	87,318	(346)	–	(5,985)	5,304	86,291
Total	**116,626**	**(1,123)**	**4,679**	**(7,634)**	**5,224**	**117,772**

The main assumptions used in the actuarial estimation of severance indemnities and employee benefits are:

	2012	**2011**
Discount rate	3.5%	4.75%
Annual inflation rate	2.0%	2.0%

The Company selected such rates on the basis of yield curves of high-quality fixed-income instruments so that amounts and maturities correspond to the amounts ad maturities of the liabilities of pension plans and other post-employment benefits.

19) Provisions for risks, charges and liabilities for landfills

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Provisions	Utilizations	Other changes	Balance at 12 31 2012
Provisions for risks, charges and liabilities for landfills	**101,469**	**-**	**11,194**	**(3,244)**	**96**	**109,515**

At December 31, 2012 this item amounted to 109,515 thousand euro (101,469 thousand euro at December 31, 2011) and related mainly to disputes with local authorities, social security institutions and third parties. Provisions for the year totalled 11,194 thousand euro and were in reference to disputes with social security institutions and local authorities. Utilizations, amounting to 3,244 thousand, related mainly to payments made during the year while other changes resulted in an increase of 96 thousand euro.

20) Other non-current liabilities

Thousands of euro	Balance at 12 31 2011	Effect of non-recurring transactions	Changes during the year	Balance at 12 31 2012	*of which included in net debt*	
					12 31 2011	*12 31 2012*
Other non-current liabilities	3,304		(83)	3,221	-	-
Non-current derivatives	25,149		22,961	48,110	25,149	48,110
Total	**28,453**	-	**22,878**	**51,331**	**25,149**	**48,110**

"Other non-current liabilities" amounted to 51,331 thousand euro and concern:

- 3,221 thousand euro mainly for water fees due to the Mantua Territorial Office in connection with the water used by the Mincio power station;
- 48,110 thousand euro for the measurement at fair value of the derivatives hedging interest rate risk on floating-rate loans and bonds.

CURRENT LIABILITIES

21) Trade payables and other current liabilities

Thousands of euro	**Balance at 12 31 2011**	**Effect of non-recurring transactions**	**Changes during the year**	**Balance at 12 31 2012**
Advances	7		-	7
Trade payables	95,787		4,235	100,022
Trade payables with related parties	85,039		(32,362)	52,677
- subsidiaries	*67,163*		(15,044)	*52,119*
- controlling entities	*141*		(98)	*43*
- affiliates	*17,735*		(17,220)	*515*
Total trade payables	**180,833**	**-**	**(28,127)**	**152,706**
Due to social security institutions	13,447		547	13,994
Other payables:	71,779	(251)	21,294	92,822
- payables for tax consolidation	*32,834*		*21,360*	*54,194*
- due to employees	*12,049*	*(251)*	*1,792*	*13,590*
- due to CCSE	*3*			*3*
- VAT and other payables	*11,345*		*24*	*11,369*
- other	*15,548*		(1,882)	*13,666*
Other current liabilities	1,887		(76)	1,811
Total other current liabilities	**87,113**	**(251)**	**21,765**	**108,627**
Total trade payables and other currentliabilities	**267,946**	**(251)**	**(6,362)**	**261,333**

“Trade payables and other current liabilities” amounted to 261,333 thousand euro (267,946 thousand euro at December 31, 2011) and fell by 6,362 thousand euro, net of the effect of non-recurring transactions of 251 thousand euro, inclusive of the effect deriving from the application of the tax transparency contract entered into with an associated company.

22) Current financial liabilities

Thousands of euro	Balance at 12 31 2011	Changes during the year	Balance at 12 31 2012	*of which included in net debt*	
				12 31 2011	*12 31 2012*
Non-convertible bonds	-	518,063	518,063	-	518,063
Due to banks	430,948	(380,396)	50,552	430,948	50,552
Due to other lenders	14	(14)	-	14	-
Financial payables outstanding with related parties	406,365	(36,271)	370,094	406,365	370,094
Total current fianncial liabilities	**837,327**	**101,382**	**938,709**	**837,327**	**938,709**

"Current financial liabilities" totalled 938,709 thousand euro (837,327 thousand euro at December 31, 2011) and showed an increase of 101,382 thousand euro.

Non-convertible bonds refer to the reclassification from "Non-current financial liabilities" of the ten-year bonds, with nominal value of 500,000 thousand euro, issued on October 30, 2003, paying a fixed rate of 4.875% whose fair value at December 31, 2012, following the election of the fair value option upon first-time adoption of IAS/IFRSs, was 514,000 thousand euro. Interest accrued on this bond at year-end amounted to 4,063 thousand euro.

The current portion of the amount due to banks fell by 380,396 thousand euro, mainly due to a reduced use of committed lines of credit; this was in part offset by the reclassification of the portion of non-current financial liabilities maturing within the next 12 months.

"Financial payables outstanding with related parties" decreased by 36,271 thousand euro.

Interest rates on intercompany loans under the Group's cash management arrangements are calculated applying a spread over three-month Euribor.

Net debt

24) Net debt

(Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006)

The following table gives details of net debt:

Thousands of euro	Note	12 31 2012	Effect of non-recurring transactions	12 31 2011
Bonds -non-current portion	16	2,462,136		2,186,374
Bank loans - non-current portion	16	597,274		1,246,239
Due to other lenders - non-current portion	16	199,332		199,255
Other non-current liabilities	20	48,110		25,149
Total medium/long-term debt		**3,306,852**	**–**	**3,657,017**
Non-current financial assets with related parties	3	(4,924)		(6,543)
Other non-current financial assets and other non-cuurrent assets	3-4	(70,310)		(113,048)
Total medium/long-term financial receivables		**(75,234)**	**–**	**(119,591)**
Total non-current net debt		***3,231,618***	**–**	***3,537,426***
Bonds - current portion	22	518,063		–
Bank loans - current portion	22	50,552		430,948
Due to other lenders - current portion	22	–		14
Financial liabilities to related parties - current portion	22	370,094		406,365
Total short-term debt		**938,709**	**–**	**837,327**
Financial assets with relatd parties - current portion	8	(868,821)	1,457	(1,111,128)
Other current assets	7	(7,770)		–
Total short-term financial receivables		**(876,591)**	**1,457**	**(1,111,128)**
Cash and cash equivalents	10	**(300,505)**		**(39,380)**
Total current net debt		***(238,387)***	***1,457***	***(313,181)***
Net debt		***2,993,231***	***1,457***	***3,224,245***

Notes to the income statement

25) Revenues

Revenues in 2012 amounted to 461,992 thousand euro (496,744 thousand euro in 2011), with a decline of 34,752 thousand euro.

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

Revenues - *Thousands of euro*	**12 31 2012**	**12 31 2011**
Revenues from the sale of goods	61,481	67,253
Revenues from services	370,025	408,202
Total revenues from the sale of goods and services	**431,506**	**475,455**
Other operating income	**30,486**	**21,289**
Total revenues	**461,992**	**496,744**

"Revenues from the sale of goods and services" amounted to 431,506 thousand euro (475,455 thousand euro in 2011), down 43,949 thousand euro from the previous year. The decrease was due to lower sales for 5,772 thousand euro, determined mainly by a decline in services for 38,177 thousand euro, in relation to the lower levels of production under the tolling agreement and the power purchase agreement signed with A2A Trading S.r.l., for the hydroelectric and thermoelectric production plants.

"Other operating income", amounting to 30,486 thousand euro (21,289 thousand euro in the previous year), refers mainly to rents from subsidiaries and affiliates, to releases from provisions made in prior years, to reimbursements for losses and penalties from customers, insurance companies and individuals, as well as to the sale of equipment and materials.

Details of the main captions are as follows:

Thousands of euro	12 31 2012	12 31 2011
Sales of electricity, of which:	**21,030**	**15,243**
- external customers	1,702	1,538
- subsidiaries	19,328	13,705
Sales of heat, of which:	**293**	**303**
- subsidiaries	293	303
Sales of water, of which:	**1,453**	**2,721**
- external customers		
- subsidiaries	1,432	2,697
- affiliates	21	24
Sales of ceritifcates and emission rights, of which:	**38,705**	**48,986**
- external customers	5,492	1,372
- subsidiaries	33,213	47,614
Total revenues from sales	**61,481**	**67,253**
Services, of which:		
- external customers	8,620	10,516
- subsidiaries	339,489	370,843
- Municipalities of Milan and Brescia	20,360	25,203
- affiliates	1,556	1,640
Total revenues from services	**370,025**	**408,202**
Total revenues from the sale of goods and services	**431,506**	**475,455**
Other operating income, of which:		
- subsidiaries	6,936	6,670
- affiliates	–	1,250
Other revenues	23,550	13,369
Total other operating income	**30,486**	**21,289**
Total revenues	**461,992**	**496,744**

26) Operating expenses

“Operating expenses” totalled 223,109 thousand euro (229,820 thousand euro in 2011), with a decrease of 6,711 thousand euro.

Details of the main components are given below:

Operating expenses - *Thousands of euro*	12 31 2012	12 31 2011
Raw materials and consumables	27,085	19,966
Services	146,863	157,831
Total expenses for raw materials and services	**173,948**	**177,797**
Other operating expenses	**49,161**	**52,023**
Total operating expenses	**223,109**	**229,820**

"Expenses for raw materials and services" amounted to 173,948 thousand euro (177,797 thousand euro in 2011), a reduction of 3,849 thousand euro.
This decrease was due to the combined effect of higher costs incurred for the purchase of raw materials and consumables, 7,119 thousand euro, and to lower expenses for services, 10,968 thousand euro, relating to subcontracted works and various services from third parties, subsidiaries and affiliates.

The main components are analysed in detail below:

Raw materials and service expenses - *Thousands of euro*	**12 31 2012**	**12 31 2011**
Purchases of power and fuel, of which :	**16,876**	**8,444**
- external suppliers	1,186	929
- subsidiaries	15,690	7,515
Change in fuel inventories	**(18)**	**5**
Purchases of industrial demineralized water	**27**	**29**
Purchases of materials, of which :	**7,202**	**7,814**
- external suppliers	6,905	7,671
- subsidiaries	297	143
Change in material inventories	**(103)**	**3,105**
Income (expenses) from hedging derivatives	**-**	**-**
Purchases of emission certificates and rights, of which:	**3,101**	**569**
- external suppliers	469	-
- subsidiaries	2,632	569
Total raw materials and consumables used	**27,085**	**19,966**
Electricity delivery and transport expenses	**66**	**341**
Subcontracted works	**21,429**	**26,833**
Services, of which :	**125,368**	**130,657**
- external suppliers	82,094	56,155
- subsidiaries	42,960	49,291
- affiliates	314	25,211
Total service expenses	**146,863**	**157,831**
Total raw material and service expenses	**173,948**	**177,797**
Lease expenses :	**5,234**	**4,311**
- external suppliers	5,060	4,202
- subsidiaries	174	109
Sundry operating expenses	**43,005**	**46,798**
Other subsidiary expenses	**802**	**926**
Losses on disposal of property,plant and equipment	**120**	**(12)**
Other operating expenses	**49,161**	**52,023**
Total operating expenses	**223,109**	**229,820**

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

27) Labour costs

For the year ended December 31, 2012 labour costs, net of capitalized expenses, amounted to 114,742 thousand euro (112,506 thousand euro in 2011). The increase was due mainly to higher wages and salaries determined by the labour agreement in place and to the decrease of capitalized labour costs during the year.
Labour costs are detailed below:

Labour costs -Thousands of euro	12 31 2012	12 31 2011
Wages and salaries	73,132	71,075
Social security charges	23,887	23,827
Severance indemnities	4,679	4,584
Other costs	13,044	13,020
Total labour costs	**114,742**	**112,506**

The following table shows the average number of employees during the year by category:

	2012	2011
Managers	65	60
Supervisors	154	147
White-collar workers	974	978
Blue-collar workers	250	262
Total	**1,443**	**1,447**

This item also includes the directors' fees paid by A2A S.p.A..

28) Gross operating income

As a result of the above movements, "Gross operating income" for the year amounted to 124,141 thousand euro (154,418 thousand euro in 2011).

29) Depreciation, amortization, provisions and write-downs

"Depreciation, amortization, provisions and write-downs" amounted to 160,125 thousand euro (156,026 thousand euro in 2011), with an increase of 4,099 thousand euro.

These charges are analysed in the following table:

Depreciation, amortization, provisions and write-downs - *Thousands of euro*	**12 31 2012**	**12 31 2011**
Amortization	18,706	17,486
Depreciation	129,756	134,263
Total amortization and depreciation	**148,462**	**151,749**
Other write-downs of tangible and intangible assets	-	-
Allowance for bad debts and decreases in value of cash and cash equivalents	469	910
Provisions for risks and charges	11,194	3,367
Total depreciation, amortization, provisions and write-downs	**160,125**	**156,026**

In particular, amortization and depreciation amounted to 148,462 thousand euro (151,749 thousand euro in 2011), reflecting a net decrease of 3,287 thousand euro due mainly to the decrease in depreciation. Depreciation is calculated at rates that reflect the remaining useful lives of tangible assets.

Concerning the implementation of the so-called Development Decree, which is intended to determine the transfer value of so-called wet works related to hydroelectric concession arrangements, to this date the competent authorities have not yet set any calculation parameter (revaluation coefficients and useful lives) necessary to quantify the transfer value of these assets at the end of the concession arrangements. In the absence of a legal framework of reference, the company carried out simulations by using ISTAT coefficients, which are the only data that can be used, and the remaining useful lives of the assets. The results of the simulations showed a rather wide range of values, confirming that for the time being no reliable estimate can be made of the transfer value at the end of concession arrangements. However, for concession arrangements nearing expiration, the net carrying amount of so-called “wet works” was sharply lower than those in the range of results obtained. Thus, only for concession arrangements approaching expiration, the company stopped depreciation at June 30, 2012; on the other hand, the valuation criteria applied to the other concessions were consistent with those used in the past.

The “Allowance for bad debts” amounted to 469 thousand euro (910 thousand euro in 2011), reflecting a decrease of 441 thousand euro.

“Provisions for risks and charges” amounted to 11,194 thousand euro (3,367 thousand euro in the previous year) and refer to provisions for outstanding disputes with third parties, tax authorities and other local entites.

30) Net operating income

“Net operating income” was negative for 35,984 thousand euro (negative for 1,608 thousand euro in 2011).

31) Financial balance

Financial income exceeded financial expenses by 101,272 thousand euro (negative 514,520 thousand euro in 2011). Details of the most significant items are shown in the table below:

Financial income

Financial income - *Thousands of euro*	**12 31 2012**	**12 31 2011**
Gains on disposals of financial assets		
Income on derivatives	**-**	**20,641**
Income from financial assets:	**294,630**	**237,134**
Income from dividends:	241,032	205,057
- subsidiaries	238,234	192,268
- affiliates	2,748	12,749
- other companies	50	40
Income on receivables/securities booked under non-current assets:	7	2
- others	7	2
Income on receivables/securities booked under current assets:	53,584	32,055
- subsidiaries	43,566	25,664
- affiliates	284	225
- parent companies	6,434	5,906
- others:	3,300	260
a) bank current accounts	595	222
b) other receivables	2,705	38
Foreign exchange gains	7	20
Total financial income	**294,630**	**257,775**

“Financial income” totalled 294,630 thousand euro (257,775 thousand euro in 2011) and represented mainly income on financial assets.

In particular, income on derivatives amounted to less than 1 thousand euro, compared with 20,641 thousand euro in 2011, and related to the positive performance of the fair value of, and realized gains on, financial derivative contracts.

Income on financial assets amounted to 294,630 thousand euro (237,134 thousand euro in 2011) and concerned:

- dividend income for 241,032 thousand euro (205,057 thousand euro in 2011) which refer to dividends distributed by subsidiaries, 238,234 thousand euro, affiliates, 2,748 thousand euro, and certain investees of A2A S.p.A., 50 thousand euro;
- income on receivables/securities booked under non-current assets for 7 thousand euro (2 thousand euro in 2011), relating mainly to interest on fixed-income securities and security deposits;
- income on receivables/securities booked under current assets for 53,584 thousand euro (32,055 thousand euro in 2011), including 43,566 thousand euro (25,664 thousand euro in 2011) in interest income from subsidiaries on intercompany loans extended under the Group's cash management system, 284 thousand euro in interest income from affiliates, 6,434 thousand euro (5,906 thousand euro in 2010) in income from the Municipality of Brescia, pursuant to the implementation of IFRIC 12 in connection with the public lighting system, 3,300 thousand euro (260 thousand euro in 2010) on bank deposits and sundry receivables;
- foreign exchange gains for 7 thousand euro (20 thousand euro in the previous year).

Financial expenses

Financial expenses- *Thousands of euro*	**12 31 2012**	**12 31 2011**
Expenses on financial assets held for trading	**8,235**	**617,816**
- Write-down of shareholdings	8,235	617,816
Charges on derivatives	**41,640**	**4,740**
Losses on financial assets	**-**	**-**
Interest expenses	**143,483**	**149,740**
- subsidiaries	6,217	7,628
- affiliates	300	1,503
- parent company	-	-
- other:	136,966	140,609
a) interest on bonds	104,044	101,223
b) banks	30,793	32,492
c) others	2,109	6,871
e) foreign exchange losses	20	23
Total financial expenses	**193,358**	**772,296**

"Financial expenses" amounted to 193,358 thousand euro (772,296 thousand euro in 2011) and referred to:

- the write-down of the shareholdings in A2A Ciclo Idrico S.p.A., Ergon Energia S.r.l., Infracom S.p.A., Emittenti Titoli S.p.A. and Immobiliare- Fiera di Brescia S.p.A. for 8,235 thousand euro;

- realized losses on and negative changes in the fair value of derivatives for 41,640 thousand euro (4,740 thousand euro in 2011);
- interest expenses for 143,483 thousand euro (149,740 thousand euro in 2011) made up of:
  – interest charged by subsidiaries for 6,217 thousand euro (7,628 thousand euro in 2011) on intercompany loans extended under the Group's cash management system;
  – interest charged by affiliates for 300 thousand euro (1,503 thousand euro in 2011);
  – other financial expenses of 136,966 thousand euro (140,609 thousand euro in 2011) which mainly refer to interest on bonds issued and on the revolving credit lines used with various banks.

The nature and contents of the derivatives are described under "Other information".

32) Income taxes

Income taxes - *Thousands of euro*	**12 31 2012**	**12 31 2011**
Current taxes	(19,534)	(478)
Deferred tax assets	18,537	2,875
Deferred tax liabilities	(34,722)	(17,620)
Total income taxes	**(35,719)**	**(15,223)**
included under item:		
Net result from non-current asset held for sale	1,109	2,952

For corporate income tax (IRES) purposes, the company and its main subsidiaries participated in the Group's national tax consolidation system, in accordance with arts. 117-129 of DPR 917/86.
To this end, a contract has been stipulated with each of the subsidiaries involved in the Group tax return 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 every time there is an effective divergence between net income calculated for tax reporting purposes and net income calculated for financial reporting purposes due to 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.

Still in accordnce with OIC 2 interpretation document, "income/expense related to tax consolidation", derived from the price received or paid, as the case may be, for tax benefits to or from A2A S.p.A. are recognized in the statement of financial position.
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).
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, 2012 income taxes for the year (IRES and IRAP), net of 1,109 thousand euro relating to assets held for sale, amounted to -35,719 thousand euro (-15,223 thousand euro at the end of the previous year) and were made up as follows:

- 2,293 thousand euro in current IRES for the year;
- 6,228 thousand euro in current IRAP for the year;
- -14,428 thousand euro in tax credits arising from the transfer of interest expenses to the consolidated tax system;
- -9,041 thousand euro related to taxes of previous years;
- -28,992 thousand euro in deferred tax liabilities for IRES purposes;
- -5,730 thousand euro in deferred tax liabilities for IRAP purposes;
- 17,260 thousand euro in deferred tax assets for IRES purposes;
- 1,277 thousand euro in deferred tax assets for IRAP purposes.

The main permanent increases in IRES include the write-down of shareholdings for 8,235 thousand euro, non-deductible extraordinary expenses for 1,865 thousand euro and well as property tax (IMU) for 11,568 thousand.

Taxes for the previous year include benefits related to the request for an IRES refund as the company omitted in the past to deduct IRAP in relation to pay for employees and other staff (article 4, paragraph 12,law Decree 16/2012) for a total amount of 8,200 thousand euro.

The following schedules are reconciliations between the tax expense based on the statutory tax rate and the effective tax charge for IRES and IRAP purposes.

IRES- reconciliation between statutory and effective taxation

Income inclusive of gross result of non current assets held for sale € 83,256,566	147,436,229	
Income tax based on nominal tax rate		40,544,963
Permanent differences	(177,749,635)	
Pre-tax income adjusted for permanent differences	(30,313,406)	
Timing differences taxable in future years	40,740,167	
Temporary differences taxable in future years	(118,455)	
Reversal of prior year timing differences	(14,615,608)	
Taxable income	(4,307,302)	
Current taxes on income for the year		(1,184,508)
Current surtax (Robin Tax)		–
to deduct: taxes on non-current assets held for sale		(1,108,580)
to deduct: other income from tax consolidation		(14,428,476)
Total current income taxes for the year		(16,721,564)

IRAP - reconciliation between statutory and effective taxation

Difference between revenues and oprating costs	82,175,106	
Non-deductible costs under IRAP	44,229,756	
Total	37,945,350	
Income tax based on nominal tax rate (4.20%)		1,593,705
Timing differences taxable in future years	21,227,187	
Temporary differences taxable in future years	(118,455)	
Reversal of prior year timing differences	89,238,371	
Pre-IRAP income	148,292,453	
Current IRAP rate on ncome for the year		6,228,283

The tables below provide details of deferred tax assets and liabilities and related changes in equity, in accordance with IFRSs.

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 amounts of property, plant and equipment	516,291,866	34.0%	175,539,234	(36,193,981)	34.0%	(12,305,954)	39,554,412	34.0%	13,448,500
Application of lease finance standard (IAS 17)	21,242,597	34.0%	7,222,483	(198,354)	34.0%	(67,440)	267,751	34.0%	91,035
Application of the financial instrument standard (IAS 39)	40,652,566	34.0%	13,821,872	-	34.0%	-	-	34.0%	-
Differences in amounts of intangible assets	26,998,050	34.0%	9,179,337	(3,230,356)	34.0%	(1,098,321)	-	34.0%	-
Capital gains spread over the years	-	34.0%	-	-	34.0%	-	-	34.0%	-
Post-employment benefits	4,578,880	34.0%	1,556,819	(1,574,520)	34.0%	(535,337)	1,154,307	34.0%	392,464
Other deferred taxes	21,569,168	34.0%	7,333,517	-	34.0%	-	2,610,831	34.0%	887,683
Total	**631,333,127**		**214,653,263**	**(41,197,211)**		**(14,007,052)**	**43,587,301**		**14,819,682**

Deductible timing differences

Description *units of euro*	Deferred tax assets 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	-	6.5%	-	-	6.5%	-	-	6.5%	-
Taxed provisions for risks	176,013,121	34.0%	59,844,461	(272,082)	34.0%	(92,508)	28,428,646	34.0%	9,665,740
Amortization, depreciation and impairment of non-current assets	67,495,286	34.0%	22,948,397	-	34.0%	-	17,158,480	34.0%	5,833,883
Application of the financial instrument standard (IAS 39)	1,497,250	34.0%	509,065	-	34.0%	-	-	34.0%	-
Allowance for bad debts	2,543,155	34.0%	864,673	-	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	187,150,361	34.0%	63,631,123	(25,923,469)	34.0%	(8,813,979)	12,017,343	34.0%	4,085,897
Other deferred tax assets	16,484,872	34.0%	5,604,857	(1,574,520)	34.0%	(535,337)	598,440	34.0%	203,470
Total	**460,828,168**		**156,681,577**	**(27,770,071)**		**(9,441,824)**	**58,202,909**		**19,788,989**

	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
	440,543,473	34.0%	149,784,781	440,543,473	34.0%	149,784,781	-	34.0%	-	-	34.0%	-	440,543,473	34.0%	149,784,781
	20,776,492	34.0%	7,064,007	20,776,492	34.0%	7,064,007	-	34.0%	-	-	34.0%	-	20,776,492	34.0%	7,064,007
	40,652,566	34.0%	13,821,872	40,652,566	34.0%	13,821,872	-	34.0%	-	(40,652,566)	34.0%	(13,821,872)	-	34.0%	-
	23,767,694	34.0%	8,081,016	23,767,694	34.0%	8,081,016	118,455	34.0%	40,275	-	34.0%	-	23,886,149	34.0%	8,121,291
	-	34.0%	-	-	34.0%		-	34.0%	-	-	34.0%	-	-	34.0%	-
	1,850,053	34.0%	629,018	1,850,053	34.0%	629,018	-	34.0%	-	-	34.0%	-	1,850,053	34.0%	629,018
	18,958,337	34.0%	6,445,834	18,958,337	34.0%	6,445,834	-	34.0%	-	-	34.0%	-	18,958,337	34.0%	6,445,834
	546,548,614		**185,826,529**	**546,548,614**		**185,826,529**	**118,455**		**40,275**	**(40,652,566)**		**(13,821,872)**	**506,014,503**		**172,044,931**

	Sub-total			Changes in tax rate			Increases for the year			Increases/uses through equity			Total deferred tax assets		
	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%	-	4,307,302	6.5%	279,975	-	6.5%	-	4,307,302	6.5%	279,975
	147,312,393	34.0%	50,086,214	147,312,393	34.0%	50,086,214	27,010,363	34.0%	9,183,523	4,159,577	34.0%	1,414,256	178,482,333	34.0%	60,683,993
	50,336,806	34.0%	17,114,514	50,336,806	34.0%	17,114,514	3,974,718	34.0%	1,351,404	-	34.0%	-	54,311,524	34.0%	18,465,918
	1,497,250	34.0%	509,065	1,497,250	34.0%	509,065	-	34.0%	-	11,846,274	34.0%	4,027,733	13,343,524	34.0%	4,536,798
	2,543,155	34.0%	864,673	2,543,155	34.0%	864,673	4,281,390	34.0%	1,455,673	-	34.0%	-	6,824,545	34.0%	2,320,345
	-	34.0%	-	-	34.0%	-	-	34.0%	-	-	34.0%	-	-	34.0%	-
	9,644,123	34.0%	3,279,002	9,644,123	34.0%	3,279,002	-	34.0%	-	-	34.0%	-	9,644,123	34.0%	3,279,002
	149,209,549	34.0%	50,731,247	149,209,549	34.0%	50,731,247	-	34.0%	-	-	34.0%	-	149,209,549	34.0%	50,731,247
	14,311,912	34.0%	4,866,050	14,311,912	34.0%	4,866,050	1,166,393	34.0%	395,798	2,199,375	34.0%	747,788	17,677,680	34.0%	6,009,635
	374,855,188		**127,450,764**	**374,855,188**		**127,450,764**	**40,740,167**		**12,666,373**	**18,205,226**		**6,189,777**	**433,800,581**		**146,306,913**

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 intangible assets	9,480,074	4.0%	379,203	-	4.0%	-	5,140,007	4.0%	205,600
Application of lease finance standard (IAS 17)	-	4.0%	-	-	4.0%	-	-	4.0%	-
Application of the financial instrument standard (IAS 39)	-	4.0%	-	-	4.0%	-	-	4.0%	-
Differences in amounts of intangible assets	-	4.0%	-	-	4.0%	-	-	4.0%	-
Capital gains spread over the years	-	4.0%	-	-	4.0%	-	-	4.0%	-
Post-employment benefits	-	4.0%	-	-	4.0%	-	-	4.0%	-
Other deferred taxes	-	4.0%	-	-	4.0%	-	-	4.0%	-
Total	**9,480,074**		**379,203**	**-**		**-**	**5,140,007**		**205,600**

Deductible timing differences

Description *Units of euro*	Deferred tax assets 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	-	4.0%	-	-	4.0%	-	-	4.0%	-
Taxed provisions for risks	-	4.0%	-	-	4.0%	-	-	4.0%	-
Amortization, depreciation and impairment of non-current assets	10,416,902	4.0%	416,676	-	4.0%	-	8,668,537	4.0%	346,741
Application of the financial instrument standard (IAS 39)	-	4.0%	-	-	4.0%	-	-	4.0%	-
Allowance for bad debts	-	4.0%	-	-	4.0%	-	-	4.0%	-
Costs for business combinations	-	4.0%	-	-	4.0%	-	-	4.0%	-
Grants	-	4.0%	-	-	4.0%	-	-	4.0%	-
Goodwill	24,271,596	4.0%	970,864	-	4.0%	-	12,254,253	4.0%	490,170
Other deferred tax assets	598,440	4.0%	23,938	-	4.0%	-	598,440	4.0%	23,938
Total	**35,286,938**		**1,411,478**	**-**		**-**	**21,521,230**		**860,849**

	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
	4,340,067	4.0%	173,603	4,340,067	4.0%	173,603	-	4.0%	-	-	4.0%	-	4,340,067	4.0%	173,603
	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-
	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-
	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-
	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-
	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-
	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-
	4,340,067		**173,603**	**4,340,067**		**173,603**	**-**		**-**	**-**		**-**	**4,340,067**		**173,603**

	Sub-total			Changes in tax rate			Increases for the year			Increases/uses through equity			Total deferred tax assets		
	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
	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-
	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-
	1,748,365	4.0%	69,935	1,748,365	4.0%	69,935	-	4.0%	-	-	4.0%	-	1,748,365	4.0%	69,935
	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-
	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-
	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-
	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-	-	4.0%	-
	12,017,343	4.0%	480,694	12,017,343	4.0%	480,694	-	4.0%	-	-	4.0%	-	12,017,343	4.0%	480,694
	-	4.0%	-	-	4.0%	-	1,166,393	4.0%	46,656	-	4.0%	-	1,166,393	4.0%	46,656
	13,765,708		**550,628**	**13,765,708**		**550,628**	**1,166,393**		**46,656**	**-**		**-**	**14,932,101**		**597,284**

IRAP - Deferred tax assets and liabilities

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 amounts of intangible assets	435,120,167	4.20%	18,275,047	(24,775,958)	4.20%	(1,040,590)	111,572,748	4.20%	4,686,055
Application of lease finance standard (IAS 17)	14,828,263	4.20%	622,787	(198,534)	4.20%	(8,338)	-	4.20%	-
Differences in amounts of intangible assets	28,313,285	4.20%	1,189,158	162,627	4.20%	6,830	-	4.20%	-
Other deferred taxes	13,312,562	4.20%	559,128	-	4.20%	-	156,210	4.20%	6,561
Total	**491,574,277**		**20,646,120**	**(24,811,865)**		**(1,042,098)**	**111,728,958**		**4,692,616**

Deductible timing differences

Description *Units of euro*	Deferred tax assets previous year			Adjustments			Uses in current year		
	Taxable amount	Tax rate	Tax amount	Taxable	Tax rate amount	Tax	Taxable amount	Tax rate	Tax
Taxed provisions for risks	41,029,634	4.20%	1,723,245	452,142	4.20%	18,990	276,310	4.20%	11,605
Amortization, depreciation and impairment of non-current assets	45,839,236	4.20%	1,925,248	(158,345)	4.20%	(6,650)	10,196,934	4.20%	428,271
Costs for business combinations	-	4.20%	-	-	4.20%	-	-	4.20%	-
Grants	6,087,924	4.20%	255,693	-	4.20%	-	-	4.20%	-
Goodwill	188,217,782	4.20%	7,905,147	(29,246,023)	4.20%	(1,228,333)	12,017,343	4.20%	504,728
Other deferred tax assets	167,787	4.20%	7,047	(188,273)	4.20%	(7,907)	-	4.20%	-
Total	**281,342,363**		**11,816,379**	**(29,140,499)**		**(1,223,901)**	**22,490,587**		**944,605**

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
298,771,461	4.20%	12,548,401	298,771,461	4.20%	12,548,401	-	4.20%	-	-	4.20%	-	298,771,461	4.20%	12,548,401
14,629,729	4.20%	614,449	14,629,729	4.20%	614,449	-	4.20%	-	-	4.20%	-	14,629,729	4.20%	614,449
28,475,912	4.20%	1,195,988	28,475,912	4.20%	1,195,988	118,455	4.20%	5,073	-	4.20%	-	28,594,367	4.20%	1,201,061
13,156,352	4.20%	552,567	13,156,352	4.20%	552,567	-	4.20%	-	-	4.20%	-	13,156,352	4.20%	552,567
355,033,454		**14,911,405**	**355,033,454**		**14,911,405**	**118,455**		**5,073**	**-**		**-**	**355,151,909**		**14,916,478**

Sub-total			Changes in tax rate			Increases for the year			Increases/uses through equity			Total deferred tax assets		
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
41,205,466	4.20%	1,730,630	41,205,466	4.20%	1,730,630	21,150,730	4.20%	888,331	-	4.20%	-	62,356,196	4.20%	2,618,960
35,483,957	4.20%	1,490,326	35,483,957	4.20%	1,490,326	-	4.20%	-	-	4.20%	-	35,483,957	4.20%	1,490,326
-	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
146,954,416	4.20%	6,172,085	146,954,416	4.20%	6,172,085	-	4.20%	-	-	4.20%	-	146,954,416	4.20%	6,172,085
(20,486)	4.20%	(860)	(20,486)	4.20%	(860)	76,457	4.20%	3,211	-	4.20%	-	55,971	4.20%	2,351
229,711,277		**9,647,874**	**229,711,277**		**9,647,874**	**21,227,187**		**891,542**	**-**		**-**	**250,938,464**		**10,539,415**

33) Net result from non-current assets sold and held for sale

At December 31, 2012 this item amounted to 82,148 thousand euro (37,046 thousand euro at December 31, 2011) reflecting mainly the gain on disposals of the investments in Metroweb S.p.A., in the Coriance Group and in e-Utile S.p.A..

Thousands of euro	**12 31 2012**	**12 31 2011**
Assets held for sale (IFRS 5)	45,603	37,046
Assets sold (*)	36,545	
Net result from non-current assets sold and held for sale	**82,148**	**37,046**

(*) in 2012 this item included the gain on the disposal of Metroweb S.p.A.

34) Net profit for the year

Net income of the year amounted to 183,155 thousand euro (negative for 463,859 thousand euro in 2011).

Notes on related party transactions

35) Notes on related party transactions

Related parties are those indicated in the international accounting standard on the disclosures to be made in financial statements on related party transactions (IAS 24 revised).

Dealings with the Controlling Entities and companies controlled by them

On October 5, 2007, the Municipalities of Milan and Brescia stipulated a shareholder agreement to regulate the ownership structure and governance of A2A S.p.A., giving rise to joint control by the Municipalities over the company by means of a two-tier governance system.

More specifically, therefore, the merger which took effect on January 1, 2008, whatever the legal structure adopted, resulted in the creation of a joint venture under the joint control of the Municipality of Brescia and the Municipality of Milan, which hold 27.5% each.

Dealings between companies of the A2A Group and the Municipalities of Milan and Brescia are of a commercial nature, involving the supply of electricity, gas, heat and water and management of the public illumination and traffic light systems, management of water purification and sewage plants, as well as video surveillance systems.

Similarly, the companies of the A2A Group have commercial dealings with the companies controlled by the Municipalities of Milan and Brescia, including, among others, Metropolitana Milanese S.p.A., Brescia Mobilità S.p.A., Brescia Trasporti S.p.A. and Centrale del Latte di Brescia S.p.A., providing them with electricity, gas, heat, sewer management and water purification services at prevailing market rates, which are consistent with the supply terms and conditions, and providing any service required by them. We would emphasize that these companies are considered related parties in the summary schedules prepared according to Consob Resolution 17221 of March 12, 2010.

Dealings between the Municipalities of Milan and Brescia and the A2A Group relate to public illumination and traffic light services and the management and distribution of electricity, gas and heat, as well as sewer management and water purification, which are governed by special agreements and specific contracts.

All transactions with entities controlled by the Municipalities of Milan and Brescia, which involve supplying electricity, are conducted at arm's length.

On May 27, 2011 Amsa S.p.A., a subsidiary of A2A S.p.A., signed with the City of Milan the extension of the agreement covering the provision of services for the collection, street cleaning, special services and disposal of waste for approximately 711 million euro, VAT included, for the period between January 1, 2011-June 30, 2013.

Relationships with subsidiaries and affiliates

A2A S.p.A. provides centralized treasury services for the majority of all its subsidiaries.

Intercompany transactions are settled through open accounts between the parent company and the subsidiaries; intercompany balances, whether positive (of A2A S.p.A.) or negative, bear interest at the 3-month Euribor rate plus a spread in line with what is applied by the financial market.

In 2012, A2A S.p.A. and its subsidiaries again filed their VAT return on a group basis.

Note that for IRES purposes, A2A S.p.A. files 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 stipulated with each of the subsidiaries involved in the Group tax return to regulate the tax benefits and burdens transferred, with specific reference to current items. These agreements govern also the transfer of any excess Gross Operating Income to companies that might be able to use such excess sum to reduce their taxes.

In addition, A2A S.p.A. signed with an associated company a tax transparency agreement, effective 2010.

The parent company, A2A S.p.A., provides the subsidiaries and affiliates with administrative, tax, legal, managerial and technical services, so as to optimize the resources available within the company and to make the best use of existing know-how in a cost-effective way. These services are governed by specific service contracts that are stipulated annually. The parent company A2A S.p.A. also makes available office space and operating areas at its own premises to subsidiaries and the affiliates, as well as services relating to their use. These services are provided at arm's length.

A2A S.p.A. provides a power generation service to A2A Trading S.r.l. in exchange for a monthly fee that depends on the effective availability of the thermoelectric and hydroelectric plants.

Telecommunication services are provided by Selene S.p.A..

Following consolidation on a line-by-line basis, of subsidiary Edipower S.p.A., which took place effective June 2012, it is noted that all transactions between the Group companies and Edipower S.p.A. for January-May were considered related-party transactions, as in the previous year.

Lastly, it is noted that following Consob's communication issued on September 24, 2010 on related-party transactions, pursuant to Consob Resolution no. 17221 of March 12, 2010 as amended, on November 11, 2010 the Management Board of A2A S.p.A., based on the favourable opinion of the Internal Control Committee, approved the Procedure governing related-party transactions, took effect on January 1, 2011. Such Procedure is designed to ensure the transparency and the formal and substantive integrity of related-party transactions undertaken by A2A S.p.A., directly or through subsidiaries, as identified pursuant to IAS 24 revised.

Assets, liabilities, revenues and costs arising from related-party transactions are summarized in the following tables, as required by Consob Resolution 17221 of March 12, 2010.

Balance sheet	Total	of which with related parties								
Thousands of euro	12 31 2012	Subsidia-ries	Affiliates	City of Milan	Entities controlled by City of Milan	City of Brescia	Entities controlled by City of Brescia	Related natural persons	Total related parties	As a % of reported total
TOTAL ASSETS OF WHICH:	**7,304,577**	**4,963,641**	**192,963**	**25,024**	**84**	**8,372**	**3**	**-**	**5,190,087**	**71.1%**
Non-current assets	*5,891,233*	*3,981,961*	*182,446*	-	-	*3,435*	-	-	*4,167,842*	*70.7%*
Shareholdings	4,162,918	3,980,472	182,446	-	-	-	-	-	4,162,918	100.0%
Other non-current financial assets	9,671	1,489	-	-	-	3,435	-	-	4,924	50.9%
Current assets	*1,407,971*	*981,680*	*10,517*	*25,024*	*84*	*4,937*	*3*	-	*1,022,245*	*72.6%*
Trade receivables	150,588	103,902	6,584	25,024	84	4,937	3	-	140,534	93.3%
Other current assets	30,372	12,890	-	-	-	-	-	-	12,890	42.4%
Current financial assets	868,821	864,888	3,933	-	-	-	-	-	868,821	100.0%
TOTAL LIABILITIES OF WHICH:	**4,767,093**	**468,506**	**8,416**	**20**	**492**	**23**	**-**	**149**	**477,606**	**10.0%**
Current liabilities	*1,200,042*	*468,506*	*8,416*	*20*	*492*	*23*	-	*149*	*477,606*	*39.8%*
Trade payable	152,706	52,119	515	20	492	23	-	-	53,169	34.8%
Other current liabilities	108,627	46,293	7,901	-	-	-	-	149	54,343	50.0%
Current financial liabilities	938,709	370,094	-	-	-	-	-	-	370,094	39.4%

Income statement *Thousands of euro*	Total 12 31 2012	of which with related parties								
		Subsidia-ries	Affiliates	City of Milan	Entities controlled by City of Milan	City of Brescia	Entities controlled by City of Brescia	Related natural persons	Total related parties	As a % of reported total
REVENUES	**461,992**	**400,691**	**1,577**	**20,337**	**19**	**23**	**18**	**-**	**422,665**	**91.5%**
Revenues from sales and services	431,506	393,755	1,577	20,337	19	23	18	-	415,729	96.3%
Other operating income	30,486	6,936	-	-	-	-	-	-	6,936	22.8%
OPERATING EXPENSES	**223,109**	**62,555**	**314**	**-**	**351**	**-**	**5**	**-**	**63,225**	**28.3%**
Costs for raw materials, finished products and services	173,948	61,579	314	-	351	-	5	-	62,249	35.8%
Other operating expenses	49,161	976	-	-	-	-	-		976	2.0%
LABOUR COSTS	**114,742**	**-**	**-**	**-**	**-**	**-**	**-**	**3,158**	**3,158**	**2.8%**
FINANCIAL INCOME AND EXPENSE	**101,272**	**270,988**	**2,132**	**-**	**-**	**6,434**	**-**	**-**	**279,554**	**276.0%**
Financial income	294,630	281,800	3,032	-	-	6,434	-	-	291,266	98.9%
Financial expense	193,358	10,812	900	-	-	-	-	-	11,712	6.1%

The financial statements are shown in section 0.2 of this report pursuant to Consob Resolution 17221 of March 12, 2010.

Consob communication no. Dem/6064293 of July 28, 2006

36) Consob communication no. Dem/6064293 of July 28, 2006

The effects of the transfer of "Ciclo Attivo" to A2A Energia S.p.A. on the balance sheet are shown below:

BALANCE SHEET - *A2A S.p.A.*	**12 31 2012**	**Spin-off of Ciclo Attivo to A2A Energia S.p.A.**	**Post spin-off Balance sheet**
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1,564,309,284		1,564,309,284
Intangible assets	83,571,431		83,571,431
Investments	4,162,718,601	200,000	4,162,918,601
Other non-current financial assets	9,671,246		9,671,246
Other non-current assets	70,762,645		70,762,645
TOTAL NON-CURRENT ASSETS	**5,891,033,207**	**200,000**	**5,891,233,207**
CURRENT ASSETS			
Inventories	5,383,632		5,383,632
Trade receivables	150,587,673		150,587,673
Other current assets	30,372,162		30,372,162
Current financial assets	870,277,321	(1,456,754)	868,820,567
Deferred tax assets	57,674,136		57,674,136
Cash and cash equivalents	300,505,177		300,505,177
TOTAL CURRENT ASSETS	**1,414,800,101**	**(1,456,754)**	**1,413,343,347**
NON-CURRENT ASSETS HELD FOR SALE			
TOTAL ASSETS	**7,305,833,308**	**(1,256,754)**	**7,304,576,554**

BALANCE SHEET - *A2A S.p.A.*	**12 31 2012**	**Spin-off of Ciclo Attivo to A2A Energia S.p.A.**	**Post spin-off Balance sheet**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,629,110,744		1,629,110,744
(Treasury shares)	(60,891,196)		(60,891,196)
Reserves	786,109,156		786,109,156
Net income for the year	183,154,840		183,154,840
Equity	**2,537,483,544**		**2,537,483,544**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	3,258,742,029		3,258,742,029
Deferred tax liabilities	29,573,921	117,479	29,691,400
Employee benefits	118,894,348	(1,122,788)	117,771,560
Provisions for risks, charges and liabilities for landfills	109,515,361		109,515,361
Other non-current liabilities	51,330,566		51,330,566
Total non-current liabilities	**3,568,056,225**	**(1,005,309)**	**3,567,050,916**
CURRENT LIABILITIES			
Trade payables	152,706,560		152,706,560
Other current liabilities	108,878,340	(251,445)	108,626,895
Current financial liabilities	938,708,639		938,708,639
Total current liabilities	**1,200,293,539**	**(251,445)**	**1,200,042,094**
Total liabilities	**4,768,349,764**	**(1,256,754)**	**4,767,093,010**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE			
TOTAL EQUITY AND LIABILITIES	**7,305,833,308**	**(1,256,754)**	**7,304,576,554**

Guarantees and commitments with third parties

Thousands of euro	**2012**	**2011**
Guarantees received	94,200	117,982
Guarantees provided	559,784	576,479

Guarantees received

The guarantees deposited by subcontractors and the performance bonds issued by credit institutions amounted to 94,200 thousand euro (117,982 thousand euro in the previous year).

Guarantees provided and commitments with third parties

These amounted to 559,784 thousand euro (576,479 thousand euro at December 31, 2011) and refer to guarantee deposits lodged as security for commitments with third parties and to sureties given.

Collateral provided

The shares held in Edipower S.p.A. and Delmi S.p.A. were pledged with the company's lenders.

Other information

1) Subsequent events

See the directors' report on operations for a description of subsequent events.

2) Information on treasury shares

At December 31, 2012 A2A S.p.A. held 26,917,609 treasury shares (unchanged from the previous year), equal to 0.859% of the share capital which consists of 3,132,905,277 shares. At the date of the separate 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)

At December 31, 2012 "Non-current assets held for sale" and "Liabilities directly associated with non-current assets held for sale" had zero balance, given the sale in the third quarter of the investment in A2A Coriance S.a.s., as described in the paragraph "Significant events during the year".

4) Risk management

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

The A2A group engages in the markets of electric energy, natural gas and district heating and, as such, it is exposed to different risks:

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.

The various risk categories to which A2A S.p.A. is exposed are commented below:

a. Commodity risk

a.1) Price and exchange rate risk related to commodity trading

A2A S.p.A. is exposed to price and exchange rate risks in relation to all energy products traded, that is electricity, natural gas, heat, coal, fuel oil, and environmental certificates; the relevant production and trading results are affected by the related price fluctuations. These fluctuations have direct and indirect consequences through the formulas and indexations embedded in the pricing structures.
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 made also to the agreements by the Basel Committee on bank supervision approved in June 2004 (so-called Basel 2) and the International Financial Reporting Standards, which require changes in commodity prices and derivatives to be recognized through profit and loss or through equity.
In the A2A Group the risk in question is assessed by the holding company, more specifically the Corporate Area and Market Department which established a risk management unit in the Planning, Finance and Control department. This unit is intended to manage and monitor market and commodity risks, to create and evaluate structured products, to recommend hedging strategies and to support the Risk Department and Committee in devising energy risk management policies for the Group.

Every year A2A S.p.A.'s Management Board sets commodity risk limits for the Group while the Risk Committee oversees compliance with these limits and develops hedging strategies to keep the risk within the pre-established limits.
Risk control concerns the portfolio of all the buying/production and selling positions taken in the physical energy market and all the positions taken in the derivative markets by all of the Group's companies.
For risk monitoring purposes, the industrial and the trading portfolios have been segregated and managed differently. In particular, the industrial portfolio includes all the physical and financial contracts directly related to the Group's industrial activity, whose objective is to enhance the production, including through wholesale and retail sales of gas, electricity and heat.
The trading portfolio consists of all those physical and financial contracts signed with a view to making profits in addition to those that can be generated through the Group's industrial activity, that is all those contracts that are ancillary though not strictly necessary to the industrial activity.
To identify its trading portfolio, the A2A Group refers to the Capital Adequacy directive and to the definition of assets "held for trading" set out by IAS 39, which defines these as assets which can generate a profit as a result of short-term changes in prices and dealer's margins, without hedging purposes, and part of a high turnover portfolio.
Therefore, given the different purposes, the two portfolios are segregated and monitored separately, with specific limits and instruments. In particular, trading activities are subject to specific control and risk management procedures structured within the deal lifecycles.

The Corporate Area and Market department is updated on changes in the Group's commodity risks on a regular basis by the Risk Management unit, which checks the Group's net exposure calculated centrally on the Group's entire asset and contract portfolio and monitors the overall economic risk level to which the industrial portfolio and the trading portfolio are exposed (Profit at Risk - PaR, Value at Risk – VaR, Stop Loss).

a.2) Commodity derivatives, fair value measurement

Derivatives in the industrial portfolio designated as hedges

During the year A2A S.p.A. did not enter into any derivative contract designated as hedge.

Derivatives in the industrial portfolio not designated as hedges

With a view to locking in price differences deriving from the different indexations of gas prices of the Group companies, A2A S.p.A. entered into contracts to hedge purchases and sales of gas contracts with primary international industry operators and with the Group's companies, with the objective to protect the companies' margins and lower the risk profile within pre-established limits. These service transactions do not qualify for hedge accounting as they are not related to contracts attributable to A2A S.p.A.. These contracts exhausted their effects in the year.

Derivatives in the trading portfolio

During the year A2A S.p.A. did not enter into any derivative contract attributable to the trading portfolio.

a.3) Energy derivatives, risk assessment

To assess the impact that price fluctuations in underlying assets have on the derivative contracts entered into by A2A S.p.A. in connection with the industrial portfolio, PaR ([1]) or Profit at Risk is used. This metric reflects the negative or positive change of the value of the portfolio of derivative instruments under different scenarios reflecting the likely occurrence of a (favourable or unfavourable) change in market indicators. PaR is calculated with the Montecarlo method (minimum 10,000 scenarios) at a 99% confidence level and requires the simulation of scenarios for every significant price driver on the basis of volatility and the factors correlated to it utilizing, as a central level, the forward curves at the reporting date, where available.

With this method, after obtaining a probability distribution for the changes in the amounts of the financial contracts outstanding, the expected maximum loss for the financial year at a given level of probability can be calculated.

Based on the above methodology, for the current financial year, and in case of extreme market changes, at a 99% confidence level, the expected maximum loss for the derivatives outstanding at December 31, 2012 was zero (zero loss at December 31, 2011).

This means that A2A S.p.A. is 99% confident that the fair value of its financial instrument portfolio at December 31, 2012 will not change negatively following an adverse movement in commodity prices.

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

b. Interest rate risk

The company's exposure to interest rate risk is associated with the volatility of interest expense on its floating-rate loans.

The hedging policy adopted is designed to minimize this volatility, first of all by identifying a balanced mix of fixed-rate and floating-rate loans and then by using hedging instruments that limit the effects of interest rate fluctuations.

At December 31, 2012 the structure of A2A S.p.A. (*) of loans from Banks and other providers of finance was the following:

Millions of euro	December 31, 2012			December 31, 2011		
	Without derivatives	With derivatives	% with derivatives	Without derivatives	With derivatives	% with derivatives
Fixed rate	2,982	3,382	88%	2,199	3,047	75%
Floating rate	845	445	12%	1,864	1,016	25%
Total	**3,827**	**3,827**	**100%**	**4,063**	**4,063**	**100%**

(*) The amounts do not include the derivative contract entered into by A2A S.p.A. related to the loan extended by Cassa Depositi e Prestiti to A2A Reti Elettriche S.p.A..

The derivatives refer to the following loans:

Loan	Derivative	Accounting
A2A loan with EIB, maturing 2023, residual balance at December 31 2012, amounting to 200 million euro, at floating rate.	Collar with duration to November 2023; at December 31, 2012 the fair value is negative for 22.9 million euro.	The loan is valued at amortized cost. The collar is a cash flow hedge, booking the effective part of the hedge to a specific equity reserve.
Bond A2A with a nominal value of 1,000 million euro, expiry 2016 with a fixed coupon of 4.5%.	IRS on the entire notional amount with a maturity equal to that of the loan; at December 31, 2012 the fair value is positive for 102.5 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 liaability (as foreseen by IAS and the doctrine mentioned previously), which includes the financial expenases and a portion of the accrual relaating to the premium and issue costs. To this value will be added the accuamulated changes in the fair value of the risk being hedged, i.e. the intereast flow differentials, which will be booked to the income statement.
	Collar on half of the notional with the same duration as the loan; at December 31, 2012 fair value was negative for 34.8 million euro.	The collar is valued at fair value through profit or loss.
	Collar on 350 million euro maturing November 2016; at December 31, 2012 the fair value was negative for 14.5 million euro.	The collar is valued at fair value through profit or loss.
	Collar with double cap on 150 million euro maturing November 2016; at December 31, 2012 the fair value was negative for 4.4 million euro.	The collar is valued at fair value through profit or loss.
Bond A2A with a nominal value of 500 million euro, maturing 2013 with a fixed coupon of 4.875%.	Collar with double cap and the same maturity as the loan; at December 31, 2012 the fair value was positive for 7.8 million euro.	For the loan the fair value option was adopted. The collar is valued at fair value through profit or loss.
A2A loan with Cassa Depositi e Prestiti, maturing December 2025, residual balance at December 31, 2012 of 200 million euro, at floating rate.	Collar with double cap with duration to June 2017; at December 31, 2012 the fair value was negative for 6.2 million euro.	The loan is valued at amortized cost. The collar is recognized at fair value through profit or loss.
A2A Reti Elettriche loan from Cassa Depositi e Prestiti, maturity 2013, residual balance at December 31, 2012 of 21.5 million euro, floating rate.	Collar with double cap with the same maturity as the loan and a residual balance of 15.9 million euro (hedging 75% of the loan); at December 31, 2012 the fair value was negative for 0.1 million euro.	The loan is valued at amortized cost. The collar is valued at fair value through profit and loss.

A structured model for interest rate risk analysis and management has been developed in-house. The method used for calculating exposure to this risk is based on the Montecarlo Method, which measures the impact that fluctuations in interest rates have on projected cash flows. The method simulates at least ten thousand scenarios for each important variable, depending on the volatility and correlations associated with each of them, using forward market rate curves as projected levels. Having obtained in this way a probability distribution of the results, it is possible to extrapolate the maximum negative variance expected (worst case scenario) and the maximum positive variance expected (best case scenario), with a confidence level of 99%.

The following are the results of the simulation with the related maximum variances: (worst case and best case scenarios) for the year 2013 and the comparison with 2012:

Millions of euro	**2013 (*base case*: -129.4)**		**2012 (*base case*: -125.4)**	
	Worst case	***Best case***	***Worst case***	***Best case***
Changes in expected cash flows (including cash flow hedges) 99% confidence level	**-0.4**	**0.2**	**-4.8**	**3.3**

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

Millions of euro	**December 31, 2012 (*base case*: +27.4)**		**December 31, 2011 (*base case*: +40.2)**	
	-50 bps	**+50 bps**	**-50 bps**	**+50 bps**
Changes in fair value of derivatives	**-6.7**	**1.9**	**-0.1**	**-3.4**
(of which Cash Flow Hedges)	**-5.6**	**5.2**	**-5.9**	**5.4**
(of which Fair Value Hedges)	**21.3**	**-20.8**	**25.3**	**-24.6**

c. Exchange rate risk not related to commodities

As regards the exchange rate risk on purchases and sales other than those of commodities, A2A does not consider it necessary to take out specific hedges as the amounts involved are quite small, they 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 exchange rate risk that was not related to commodities is the fixed-rate bullet bond of 14 billion yen with maturity 2036 issued by ASM S.p.A. in 2006.

A cross currency swap contract was stipulated for the entire duration of this loan, which transform the principal and interest payments from yen into euro. This derivative is accounted for as a cash flow hedge, recognizing changes in the effective part of the hedge to a specific equity reserve.

At December 31, 2012 the fair value of the hedge was positive for 2.5 million euro. This fair value would improve by 18.3 million euro in the event of a 10% decline in the euro/yen exchange rate (appreciation of the yen) and would fall by 15 million euro in the event of a 10% rise in the euro/yen exchange rate (depreciation of the yen).

d. Liquidity risk

Liquidity risk refers to the company's ability to meet its payment obligations through its cash inflows, borrowings from bans and in financial markets and the cash on hand.
Also in light of current market conditions, featuring enhanced volatility and potential uncertainty in financial markets, the company pays special attention to its liquidity, ensuring that it always has adequate access to cash to meet its obligations for specified time horizons, as well as a liquidity buffer to meet unexpected outlays.
Mindful of this, the company has a diversified maturity profile for its borrowings and its sources of cash. To this end, attention is called to the Euro Medium Term Note Programme, for up to 2 billion euro approved by the Management Board on September 19, 2012; in connection with this Programme, on November 28, 2012 the company had a seven-year 750-million bond issue for institutional investors, for bridge financing purposes and to extend the average maturity of its debt.
Thus, as of December 31, 2012 the company had available committed unused revolving lines of credit for a total of 40 million euro, as well as cash available totalling 301 million euro, representing proceeds from the bonds placed on November 28, 2012.
The subsidiaries also signed a centralized treasury agreement with A2A S.p.A..
By means of this agreement, the Company can cover its day-to-day funding requirements by having rapid access in time of need, not only to its own financial resources, but also to those of the other companies in the A2A Group. Similarly, any temporary cash surpluses can be invested and remunerated by A2A S.p.A..
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 when they will be repaid, whereas revocable loans have been considered repayable on demand.

2012 *Millions of euro*	**1-3 months**	**4-12 months**	**Beyond 12 months**
Bonds	3	609	2,793
Payables and other financial liabilities	5	63	939
Total cash inflows	**8**	**672**	**3,732**
Trade payables	59	4	1
Total trade payables	**59**	**4**	**1**

2011 *Millions of euro*	**1-3 months**	**4-12 months**	**Beyond 12 months**
Bonds	3	77	2,427
Payables and other financial liabilities	41	433	1,642
Total cash inflows	**44**	**510**	**4,069**
Trade payables	70	2	1
Total trade payables	**70**	**2**	**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 located centrally as part of the Administration Department, a credit policy has been implemented by head office to regulate the assessment of customers' credit standing and grant extended credit terms 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 most customers vary according to local regulations and market practice. In cases of delayed payment, default interest in charged as explicitly foreseen in the underlying supply contracts or in current law (application of the default rate as per Decree 231/2002).

Trade receivables are shown in the balance sheet net of any allowance for bad debts; it is felt that the amount shown is a reasonable reflection of the fair value of the receivables portfolio.

The table below analyses gross trade receivables and the related allowance for bad debts.

Thousands of euro	**12 31 2012**	**12 31 2011**
Trade receivables -gross	15,777	16,105
Allowance for bad debts (-)	(5,792)	(5,613)
Trade receivables from parent entities	29,961	38,586
Trade receivables from subsidiaries	103,902	125,032
Trade receivables from affiliates	6,531	4,308
Trade receivables	**150,379**	**178,418**
Of which:		
Trade receivables past due for 9-12 months	**4,080**	**4,795**
Trade receivables past due for more than 12 months	**8,577**	**5,045**

Trade receivables that are past due for more than 12 months amounted to 8,577 thousands of euro. The allowance for bad debts represents an estimate of the receivables that are likely to prove difficult to collect.

f. Equity risk

At December 31, 2012 A2A S.p.A. was not exposed to equity risk.

Note that, at December 31, 2012, A2A S.p.A. held 26,917,609 treasury shares, which is 0.859% of the share capital made up of 3,132,905,277 shares.
As laid down in 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 the income statement.

g. Default and covenant risk

The following are all of the figures for the A2A relating to bank borrowings and amounts due to other lenders, excluding amounts due to subsidiaries and affiliates:

Thousands of euro	Balance 12 31 2012	Portion maturing within 12 months	Portion maturing over 12 months	Portion maturing by				
				12 31 2014	12 31 2015	12 31 2016	12 31 2017	Beyond
Bonds	2,980,199	518,063	2,462,136	513,530	-	1,102,398	-	846,208
Sums due to other lenders	199,332	-	199,332	-	18,121	18,121	18,121	144,969
Bank loans	647,826	50,552	597,274	50,453	57,898	59,629	59,007	370,287
TOTAL	**3,827,357**	**568,615**	**3,258,742**	**563,983**	**76,019**	**1,180,148**	**77,128**	**1,361,464**

A2A S.p.A. issued public bonds for a total nominal amount of 2,570 million euro, including: 500 million euro in October 2003 and May 2004, maturing in October 2013 and May 2014, respectively; 1 billion euro in November 2009, maturing November 2016; 750 million euro in November 2012, maturing in November 2019.
The terms and conditions of the bonds issued were in line with the market for such financial instruments. The loan agreements signed with the European Investment Bank (particularly with reference to those related originally to loans of 100 million euro maturing in 2014-2016, 200 million euro maturing in 2023, 200 million euro maturing in 2025-2026, 95 million euro maturing in 2026 and 70 million euro, drawn down for 30 million euro, maturing in 2027) contain a credit rating clause whereby the company is required to maintain a credit rating of BBB or equivalent. Following Moody's downgrading to Baa3 in November 2012, contacts began with the EIB, as required by the loan agreements.
In addition, the EIB loan agreements related to the 200 million euro maturing in 2025, 95 million euro maturing in 2026 and 70 million euro (drawn down for 30 million euro) maturing in 2027 provide for the bank to accelerate repayment, pursuant to a notice to the company specifying the grounds, in case of change of control for A2A S.p.A..
The floating-rate loan intermediated by the EIB and provided by Unicredit to A2A S.p.A. for 85

million euro, maturing in June 2018, requires that the company maintain throughout the term of the loan an investment grade rating. In the event that it fails to meet this requirement, the company will be called upon to meet certain covenants, on an annual basis, including in particular in relation to the debt-to-equity ratio, the debt-to-EBITDA ratio and the ratio of EBITDA to financial charges.
A credit rating clause, in case of rating below investment grade (BBB-), is contained also in the loan provided by Cassa Depositi e Prestiti for an original amount of 200 million euro, maturing in 2025.
In addition, the agreement for the privately placed bond issued in yen maturing in 2036 – and the related cross currency swap – contains a put right clause in the investor's (and the swap counterparty's) favour in the event that the rating falls below BBB – (below investment grade).

As mentioned above, A2A S.p.A. has stipulated a number of committed lines of credit with various financial institutions for a total of 1,735 million euro which are not subject to any covenants.

As regards the bonds, the loans mentioned above and the committed revolving lines of credit there are (i) negative pledge clauses based on which A2A S.p.A. undertakes not to pledge as collateral the assets of A2A S.p.A. and of its direct subsidiaries over and above a certain threshold; (ii) cross default/cross acceleration clauses which entail immediate repayment of the bonds 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 direct subsidiaries.
As matters stand, there is no situation of default on the part of company.

Analysis of forward transactions and derivatives

As regards their classification in the financial statements, these transactions meet the compliance requirements as per IAS 39 for the application of hedge accounting. In particular:

1) Transactions considered hedges for the purposes of IAS 39 can be split into transactions to hedge future cash flows (cash flow hedges)and transactions to hedge assets or liabilities (fair value hedges). For transactions involving cash flow hedges, the accrued result is included in gross operating income when realized for commodity derivatives and in financial costs for interest rate and exchange rate derivatives, whereas the projected value is shown in equity.
2) Transactions not considered hedges for the purposes of IAS 39:
    a. Margin hedges: for all hedging transactions that meet the requirements of compliance with the internal risk policy and procedures, the accrued result and prospective value

are included in gross operating income for commodity derivatives and in financial costs for interest rate and exchange rate derivatives;

b. for all trading transactions, the accrued result and projected value are included in gross operating income; for transaction on interest rates and exchange rates in financial income and charges.

The use of derivatives is governed by a consistent set of procedures (Energy Risk Policy, Deal Life Cycle) which is inspired by industry best practices and is intended to limit the Group's exposure to commodity price risks on the basis of a cash flow hedge strategy.
The derivatives outstanding at December 31, 2012 were measured at their fair value by reference to the forward market curve at the balance sheet date, if the asset underlying the derivative is traded in markets with a forward price structure. In the absence of a forward market curve of reference, fair value was measured on the basis of internal estimates using models that refer to industry best practices.
In accordance with IAS 39, the fair value of cash flow hedges was classified on the basis of the underlying of derivative contracts.

Instruments outstanding at December 31, 2012

A) On interest and exchange rates

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

Thousands of euro	Notional value (a) maturity within 1 year		Notional value (a) maturity between 1 and 5 years		Notional value (a) maturity over 5 years	Amount Balance sheet (b)	Progressive effect income statement period ended 12 31 2012 (c)
	to be received	to be paid	to be received	to be paid			
Interest rate risk management							
- cash flow hedges as per IAS 39		9,524		76,190	114,286	(22,886)	
- not considered hedges as per IAS 39		515,881		1,045,455 (d)		50,258 (e)	50,258 (e)
Total derivatives on interest rates	**-**	**525,405**	**-**	**1,121,645**	**114,286**	**27,372**	**50,258**
Exchange rate risk management							
- considered hedges as per IAS 39 *on commercial transactions* *on financial transactions*					98,000	2,506	
- not considered hedges as per IAS 39 *on commercial transactions* *on financial transactions*							
Total exchange rate derivatives	**-**	**-**	**-**	**-**	**98,000**	**2,506**	**-**

(a) This represents the sum of the notional value of the elementary contracts that derive from the breakdown of complex contracts.
(b) This represents the net receivable (+) or payable (-) shown in the statement of financial position after measuring the derivatives at fair value.
(c) This represents the adjustment of derivatives to fair value booked over time to the income statement from stipulation of the contract to the present day
(d) Derivative instruments with the 1,000 million bond maturing in 2016 as underlying, inclusive of an IRS wth a notional amount of 1,000 million euro without effects on income, following measurement at fair value, and three collars wth an overall notional amount of 1,000 million euro not considered hedges as per IAS 39.
(e) Include the effect on collars, with an overall notional amount of 1,000 million euro, not considered as hedges as per IAS 39.

B) On commodities

At December 31, 2012 there aren't derivative contracts on commodities

Price risk management for electricity products	Fair value hierarchy	Units of measure of notional value	Notional amount expiring within 1 year	Notional amount expiring within 2 year	Notional amount expiring within 5 year	Amount reported in balance sheet (*) (Thousands of euro)	Progressive effect income statement (**) (Thousands of euro)
A. Cash flow hedges as per IAS 39 of which:							
-Electricity		TWh					
- Oil		Bbl					
- Fuel oil		Tonnes					
- Natural gas		Millions of cubic meters					
- Exchange rate		Millions of dollars					
- Emission rights		Tonnes					
B. Fair value hedges as per IAS 39							
C. not considered as hedges as per IAS 39 of which							**(130)**
C.1 hedge margin							**(130)**
- Electricity		TWh					
- Oil		Bbl					
- Fuel oil		Tonnes					
- Natural gas		Millions of cubic meters					(130)
- CO2 emission rights		Tonnes					
- Exchange rate		Millions of dollar					
C.2 trading transactions							
- Electricity		TWh					
- Natural gas		Mc					
- CO2 emission rights		Tonnes					
TOTAL	**–**		**–**	**–**	**–**	**–**	**(130)**

(*) This represents the net receivable (+) or payable (-) shown in the statement of financial position after measuring the derivatives at fair value.

(**)) This represents the progressive adjustments to fair value through profit and loss from the signing of the contract to the reporting date.

Financial and operating effects of activity in derivatives at December 31, 2012

The following table shows the balances outstanding of derivative positions at December 31, 2012.

Financial data

Thousands of euro	Note	
ASSETS		
NON-CURRENT ASSETS		**70,218**
Other non-current assets - derivative instruments	4	70,218
CURRENT ASSETS		**7,770**
Other current assets - derivative instruments	7	7,770
TOTAL ASSETS		**77,988**
LIABILITIES		
NON-CURRENT LIABILITIES		**48,110**
Other non-current liabilities - derivative instruments	21	48,110
TOTAL LIABILITIES		**48,110**

Operating 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 year	Amounts recognized through profit or loss
33) FINANCIAL BALANCE			
Interest rate and equity risk management of which:			
FINANCIAL INCOME			
Gains on derivatives			
- considered as hedges as per IAS 39			
- not considered as hedges as per IAS 39	131	(130)	1
Total gains on derivatives	**131**	**(130)**	**1**
FINANCIAL EXPENSES			
Losses on derivatives			
- considered as hedges as per IAS 39	(4,096)		(4,096)
- not considered as hedges as per IAS 39	13,179	(50,723)	(37,544)
Total losses on derivatives	**9,083**	**(50,723)**	**(41,640)**
TOTAL FINANCIAL BALANCE	**9,214**	**(50,853)**	**(41,639)**

Classes of financial instruments

To complete the analyses required by IFRS 7, the following table shows the various types of financial instruments that are present 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 posted (through profit or loss or in equity).
The last column of the table shows the fair value of the instrument at December 31, 2012, where applicable.

Thousands of euro	Criteria to measure the reported amount of financial instruments							
	Notes	Financial instruments measured at fair value with changes recognized through:			Financial instruments measured at amortized cost	Invest-ments/ Bonds convertible into shares valued at cost	Book value at 12 31 2012	*Fair value* at 12 31 2012 (*)
		Profit or loss	Balance sheet					
		(1)	(2)	(3)	(4)	(5)		
ASSETS								
Other non-current financial assets:								
Investments/Bonds convertible into shares								
available for sale of which:								
– unlisted				4,655			4,655	n,d,
– listed							–	–
Financial assets held to maturity					92		92	92
Other non-cuurrent financial assets					4,924		4,924	4,924
Total other non-current financial assets	3						**9,671**	
Other non-current assets	4	67,712	2,506		546		70,764	70,764
Trade receivables	6				150,588		150,588	150,588
Other current assets (**)	7	7,770			19,070		26,840	26,840
Current financial assets	8				868,821		868,821	868,821
Cash and cash equivalents	10				300,505		300,505	300,505
LIABILITIES								
Financial liabilities								
Non-current bonds (***)	16	1,102,398			1,359,738		2,462,136	2,462,136
Current bonds (***)	22	518,063					518,063	518,063
Other current and non-current financial liabilities	16 e 22				1,217,252		1,217,252	1,217,252
Other non-current liabilities	20	25,224	22,886		3,221		51,331	51,331
Trade payables	21				152,706		152,706	152,706
Other current liabilities (****)	21				106,442		106,442	106,442

(*) The fair value has not been calculated for receivables and payables not related to derivative contracts and loans as the corresponding book value comes close to it.
(**) Net of VAT credit of 3,532 thousand euro.
(***) Including accrued interest.
(****) Net of VAT debit of 2,815 thousand euro.
(1) Financial assets and liabilities measured at fair value through profit or loss.
(2) Hedging derivatives (Cash flow hedges).
(3) Financial assets available for sale measured at fair value in equity.
(4) Loans & receivables and financial liabilities valued at amortized cost.
(5) Available-for-sale financial assets, including unlisted shareholdings whose fair value cannot be measured reliably, are carried at the lower of cost, as written down due to impairment where applicable, and fair value.

Fair value hierarchy

IFRS 7 requires financial instruments measured at fair value to be classified in the same way that the fair value was calculated.

In particular I FRS 7 defines 3 levels of fair value:

- level 1: the fair value of the financial instrument is based on a price quoted on an active market. Instruments quoted on active markets, both official and OTC, fall into this category;
- level 2: the fair value of the financial instrument is based on valuation techniques that make reference to observable market parameters. This category includes those instruments that are valued on the basis of forward curves provided by the principal international financial brokers operating on the energy commodity market, as well as those instruments that are valued on the basis of the statistical relationship between the instrument and the one quoted on active markets which shows a high level of correlation, i.e. over 95% (use of a proxy and of hedge ratios). The values obtained in this way are compared with the main market operators;
- level 3: the fair value of the financial instrument is based on valuation techniques that make reference to parameters that are not observable on the market. The instruments that are valued on the basis of internal estimates form part of this category.

Thousands of euro	Note	Level 1	Level 2	Level 3	Total
Available-for-sale assets measured at fair value	3		4,655		4,655
Other non-current assets	4			70,218	70,218
Other current assets	7			7,770	7,770
TOTAL ASSETS		**–**	**4,655**	**77,988**	**82,643**
Non-current financial liabilities	16		1,102,398		1,102,398
Other non-current liabilities	20			48,110	48,110
Current financial liabilities	22	518,063			518,063
Other current liabilities					
TOTAL LIABILITIES		**518,063**	**1,102,398**	**48,110**	**1,668,571**

5) CONCESSIONS

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

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

6) UPDATE OF THE MAIN LEGAL AND TAX DISPUTES STILL PENDING

EC infringement procedure

On June 5, 2002, the European Commission published decision 2003/193/EC declaring that the three-year exemption from income tax (under art. 3.70 of Law 549/95 and art. 66.14 of Decree 331/1993, converted into Law 427/93) and the advantages deriving from loans (pursuant to art. 9-bis of Decree Law 318/1986, converted into Law 488/96) granted to publicly-owned companies formed under Law 142/90 were incompatible with EC law, since they were deemed to represent State aid which is banned by art. 87.1 of the EC Treaty. The Commission did not consider the tax exemption on business contributions under Art. 3.69 of Law 549/95 to be State aid.

This decision was notified on June 7, 2002 to the Italian State, which appealed against it to the Court of Justice. Subsequently, by order of the Court of Justice dated June 8, 2004, the case was transferred to the Court of First Instance with reference number T-222/04, following the expansion of that court's functions by the Treaty of Nice.

In July 2002, the Commission communicated the decision to the companies concerned, which appealed against it to the Court of First Instance of the European Community on September 30, 2002, pursuant to art. 230.4 of the EC Treaty; Further appeals against this decision have also been filed by other public-sector commercial companies and by Confservizi.

The Italian State did not ask the Court of Justice to suspend execution of the Commission's June 2002 Decision so as not to prejudice the resolution of merit in the event of a refusal. In fact, it is rare for the Court to concede a stay of execution, above all in matters regarding State aid.

The decision is therefore fully effective and binding on the Italian State, which is obliged to recover the aid granted.

On the invitation of the Commission and while continuing to pursue action to overturn the decision, the Italian State has therefore activated a recovery procedure. This process has involved preparation of a survey questionnaire to identify the public-sector commercial companies that have benefited from the above tax exemption, and from loans granted by Cassa Depositi e Prestiti in the years under consideration.

The Italian State's recovery initiatives continued with the predisposition of an amendment to the EC law, which was approved by the Senate on April 13, 2005 (art. 27, Law 62 of April 18, 2005). The measure envisages detailed recovery procedures based on ordinary tax rules to adjust any recovery to the effective existence of recoverable aid (considering the specific circumstances of each position and bearing in mind any outstanding disputes with the tax authorities). In particular, this measure envisages certain declarations on the part of the taxpayer and presumes certain official acts specifying the application methods and guidelines for a correct evaluation of cases of non-application. The guidelines were then amended to make them more precise by Art. 1, sub-section133 of Law 266 of March 23, 2006 (Budget Law 2006).

Subsequently, following Italy's condemnation by the Court of Justice for the delay in recovering the "aid" (ruling June 1, 2006, case C – 207/05), Decree 10 of February 15, 2007 (converted into Law 46 of April 6, 2007) made further amendments to the existing recovery procedures.

In this connection, new instructions were issued for the implementation of European Commission Decision 2003/193/EC, with a view to the recovery of aid equivalent to the unpaid taxes and related interest resulting from application of the tax exemption regime envisaged in art. 3.70 of Law 549 dated December 28, 1995, and art. 66.14 of Decree no. 331 of August 30, 1993, a converted with amendments into Law no. 427 of October 29, 1993.

In the first half of 2007, the Tax Authorities sent notices to AEM S.p.A. and ASM S.p.A. - pursuant to Decree no. 10/2007 - in the form of a "communication-injunction"- concerning the alleged State aid enjoyed during the moratorium period.

On April 30, 2009, as explained in greater detail below, the Tax Office notified five further assessments in connection with the position of the former AEM S.p.A. and the former ASM S.p.A. pursuant to Art. 27, Decree No. 185 of November 29, 2008, as converted with amendments into Law No. 2 of January 28, 2009, for around 64 million euro, including interest.

Decree no. 135 of September 25, 2009 (art. 19) introduced new instructions regarding recovery of the aid mentioned, essentially involving (i) the possible notification of further repayment assessments, (ii) the non-recoverability of any realised capital gains. As a result, on October 2, 2009, the company received six further assessments from the competent offices for the recovery of amounts additional to those already claimed totalling about 220 million euro.

On this basis, the Italian Tax Authorities activated the recovery procedure by means of a fiscal-type assessment without offering any chance to defer or suspend payment.

The guidelines for recovery can be found in the Agenda of the Chamber of Deputies no. 9/01972/071, which was approved at the session held on January 14, 2009. In the guideline, it is explained that the recovery "cannot take the form of a simple tax assessment, without any specific criteria; instead, it has to determine if and how much aid has to be recovered, clarifying in particular that it is recoverable only if actually enjoyed and verifying case by case whether the company has effectively made use of illegitimate state aid that has altered the principles of free competition and companies' freedom of establishment". In line with this concept, "those resources that have already been involved in forms of reimbursement" have to be considered "excluded from the recovery measure".

In exercising the powers granted, the Tax Authorities should have identified, in the specific circumstances, the actual enjoyment of illegitimate state aid that has not already been reimbursed.

Given that the lawsuits involving the merging company AEM S.p.A. (now A2A S.p.A.) and the merged company ASM S.p.A. are the subject of separate proceedings at the Court of First Instance of the European Community and have different positioning in relation to the "communication-injunction" and other assessments, the two situations are explained separately for the sake of clarity.

Former AEM S.p.A. (now A2A S.p.A.)

In the proceedings raised by AEM S.p.A., on January 6, 2003, the Commission filed an objection claiming that it could not accept the appeal. AEM promptly replied before the legal deadline. The Court set the meeting concerning the objection claiming that it could not accept the appeal by order dated August 5, 2005. On March 15, 2006, AEM filed a brief in relation to the judgement pending before the Court of First Instance. On February 28, 2008, the Court of First Instance communicated to AEM its intention to combine (only for the oral phase) the various lawsuits being brought by AEM S.p.A., Confservizi, other public-sector commercial companies and the Italian Government, asking for the opinions of the parties concerned.

On March 6, 2008, AEM S.p.A. communicated to the Court that it would welcome a move to combine the various lawsuits and, apparently, the other appellants also responded in the same way. The final hearing was held on April 16, 2008 and, by a ruling dated June 11, 2009, the Court of First Instance declared that the appeal presented by AEM S.p.A. was admissible, but rejected it on merit - as for those presented by the other appellants - taking the view that the measure in question constituted State aid that was banned under art. 87.1 of the EC Treaty, and therefore confirming the decision made by the Commission. AEM S.p.A. impugned this ruling on a timely basis before the European Court of Justice. With ruling C 320/09 P, published on 21 December 2011, the European Court of Justice rejected the appeal made by A2A S.p.A. (similar appeals proposed by other former municipal utilities were also rejected).

With reference to Art. 27 of Law 62 of April 18, 2005, AEM S.p.A. has carefully complied with the obligations placed on the former municipal utilities that are contained in the recovery regulations and related enabling instructions.

On October 27, 2005 the Tax Authorities visited the head office of AEM S.p.A. to acquire documentation to check the correctness of the figures declared in the tax returns presented in accordance with art. 27 of Law 62. The visit was merely to ascertain and finalise the amount of any taxes that were to be reimbursed. AEM S.p.A. gave the inspectors an ample statement on how the tax returns were compiled. Even if all possible forms of legal protection failed, it was deemed reasonable to assume that the Italian government's recovery actions would have involved revoking the benefits granted in different ways, depending on the public service sectors concerned. In particular, it was assumed that such action would have taken account of the actual degree of competition during the period of the measures being contested and, therefore, of the extent to which it may have been distorted.

In this regard, AEM's appeal explained that, during the 1996-1999 period examined by the Commission, the Company operated in sectors such as electricity and gas that were not opened up to competition, and in which AEM S.p.A. did not take part in any tenders for provision of the related services (an observation that has subsequently been repeated to the Court of Justice).

In light of the uncertainty regarding the outcome of the recourses and the ways in which the Commission's decisions would be applied, the Company thinks it possible, but not probable, that it risks having to hand back all of the aid received if the result of the entire appeal procedure turns out to be negative: consequently, no provisions were made for this matter in any of the financial statements approved up to December 31, 2006. This decision took account of objective uncertainties that make it impossible to obtain a sufficiently reasonable estimate of the charges that would be borne by AEM S.p.A. as a consequence of the above Decision.

Lastly, the majority of the profits distributed by AEM S.p.A. during the tax moratorium period were paid to the Municipality of Milan, which is part of the Public Administration. AEM S.p.A. did not receive any assisted loans from Cassa Depositi e Prestiti (Italian Deposits and Loan Fund) under the laws mentioned during the period considered by the Commission.

On March 30, 2007, the Milan I Tax Office notified four assessments, or "communication-injunctions" under Decree no. 10/2007, relating to the aid alleged to have been used during the periods 1996, 1997, 1998 and 1999.

The amounts requested in these assessments, totalling 4.8 million euro inclusive of interest, were based on the Company's declaration made July 2005, except for the disallowance of the effect of applying the so-called "tombstone" tax amnesty under Law no. 289/2002.

Pursuant to Decree 10/2007, the amounts established but not paid over are subject to forcible collection via inclusion on the tax roll; the rules do not permit any extended payment terms or suspensions, not even in the event of appeal.

Having taken note of these communications, and considered Decree Law 10/2007 and related conversion law and checked that the amounts requested agree with those originally declared, the Company decided on April 27, 2007 to pay.

As a result of the above, the amounts paid were included in the 2007 accounts under "Financial expenses" and "Other non-operating expenses".

To protect its interests, the Company decided to appeal against these “communication-injunctions” to the competent tax jurisdiction. The Provincial Tax Commission of Milan - Section 21 rejected these appeals in ruling no. 8 of January 25, 2008 and the ruling that establishes the amount of the recoverable aid is now definitive.

On April 30, 2009, the Tax Authorities notified three assessments, issued under art. 24 of Decree 185/2008, for the recovery of alleged State aid that conflicts with EC regulations and the earlier decision of the European Commission. Appeals against these assessments have been filed with the Milan Provincial Tax Commissioners. The case was discussed on September 19, 2011 and the appeals presented were all rejected, after a meeting, in ruling No. 222/09/11. The company filed a timely appeal against this ruling.

Based on current law, the amount requested, namely a total of 23 million euro, had to be paid within thirty days of notification of the provision, so A2A S.p.A. made the payment on May 8, 2009.

As mentioned, on October 2, 2009, the Tax Authorities notified four assessments, issued under art. 19 of Decree 135/2009, for the further recovery of alleged State aid to the former AEM S.p.A. that conflicts with EC regulations.

Having paid a total of 184 million euro on October 22, 2009 - to avoid the charges involved in being entered on the tax rolls and the accrual of further interest - the Company appealed against these notices before the Milan Provincial Tax Commission, which first met with ASM S.p.A. - discussed the merit of the case on January 19, 2010 and declared itself in favour with ruling 137/01/10.

Following the ruling, A2A S.p.A asked the Tax Office to refund the amounts paid to return alleged “government aid” received, but received no reply.

By way of this ruling, on April 9, 2010 an appeal was submitted by the Regional Headquarters of the Revenues Agency and Milan 1 Tax Office.

Former ASM S.p.A. (from January 1, 2008 absorbed by A2A S.p.A.)

As regards ASM S.p.A.’s position, the company has also impugned the decision before the Court of First Instance in Luxembourg with an appeal filed on its own account on January 2, 2003 and “ad adiuvandum” in support of AEM S.p.A. and AMGA S.p.A..

ASM felt that the European Commission’s decision 2003/293/CE of July 5, 2002 could not be applied to it because of the particular nature of its situation: during the period under consideration, the services provided by ASM S.p.A. in its areas of operations were not open to the market and to free competition.

On January 6, 2003 the Commission filed an objection claiming that it could not accept the appeal. ASM S.p.A. promptly replied before the legal deadline. The Court set the meeting concerning the objection claiming that it could not accept the appeal by order dated August 5, 2005.

On February 28, 2008, the Court of First Instance communicated to ASM S.p.A. its intention to combine (only for the oral phase) the various lawsuits being brought by ASM S.p.A., Confservizi, other public-sector commercial companies and the Italian Government, asking for the opinions of the parties concerned. ASM S.p.A. communicated to the Court that it would welcome such a move to combine the various lawsuits.

The final hearing was held on April 16, 2008 and, by a ruling dated June 11, 2009, the Court of First Instance declared that the appeal presented by ASM S.p.A. was admissible, but rejected it on merit - as for those presented by the other appellants - taking the view that the measure in question constituted State aid that was banned under art. 87.1 of the EC Treaty, and therefore confirming the decision made by the Commission. With ruling C 320/09 P, published on 21 December 2011, the European Court of Justice rejected the appeal made by A2A S.p.A. (similar appeals proposed by other former municipal utilities were also rejected).

The companies of the ASM Group involved in the recovery procedure (ASM S.p.A., also on behalf of BAS S.p.A. and Azienda Servizi Valtrompia S.p.A.), in accordance with the request contained in art. 27 of Law 62 of April 18, 2005, sent the declaration required by art. 27 of the said law for each of the periods affected by the tax moratorium.

BAS S.p.A. Bergamo, which was absorbed with effect from May 18, 2005, and Azienda Servizi Valtrompia S.p.A. had negative taxable income during the years in which the moratorium applied, so it is probable that no tax will be due.

In April 2007, ASM received a communication-injunction under art. 1 of Decree 10/2007 from the Brescia Tax Office for the periods 1998 and 1999.

Based on the opinion of its own tax consultants and experts in EC law, ASM S.p.A. pointed out to the Brescia Tax Office that the communication-injunction that it had received was contrary to the provisions of this decree both in content and in amount.

At the same time, ASM S.p.A. appealed to the Brescia Court for this injunction to be declared null and void; it also asked for a court order suspending payment.

On May 23, the Tax Office acknowledged that ASM's arguments were correct and cancelled the communication-injunction to pay. In light of the uncertainty regarding the outcome of the recourses and the ways in which the Commission's Decisions would be applied, the Company thinks it possible, but not probable, that it risks having to hand back all of the aid received if the result of the entire appeal procedure turns out to be negative: consequently, no provision has been made for this matter in any of the financial statements.

While waiting for the question to be decided, the Shareholders' Meeting of ASM S.p.A. has resolved not to consider distributable an amount of 13 million euro representing a portion of the free reserves formed during the period of the "tax moratorium".

On April 30, 2009, the Tax Authorities notified two assessments, issued under art. 24 of Decree 185/2008, for the recovery of alleged State aid to the former ASM S.p.A. that conflicts with EC regulations. Appeals against these assessments have been filed with the Milan Provincial Tax Commissioners. The case was discussed on September 19, 2011 and the appeals presented were all rejected, after a meeting, in ruling No. 222/09/11. The company filed a timely appeal against this ruling.

Under current regulations, the amount requested, 41.6 million euro, had to be paid within thirty days of the provision being notified, so A2A S.p.A. paid on May 8, 2009.

As mentioned, on October 2, 2009, the Tax Authorities notified two assessments, issued under art. 19 of Decree 135/2009, for the further recovery of alleged State aid to the former ASM S.p.A. that conflicts with EC regulations.

Having paid a total of 35.8 million euro on October 22, 2009 - to avoid the charges involved in being entered on the tax rolls and the accrual of further interest - the Company appealed against these notices before the Milan Provincial Tax Commission, which first met with AEM S.p.A. - discussed the merit of the case on January 19, 2010 and declared itself in favour with ruling 137/01/10. Following the ruling, A2A S.p.A. asked the Tax Office to refund the amounts paid to return alleged "government aid" received, but received no reply.

By way of this ruling, on April 9, 2010 an appeal was submitted by the Regional Headquarters of the Revenues Agency and Milan 1 Tax Office.

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Judgement on the appeal presented by the Revenues Agency regarding ruling no.137/01/10, and the positions of the former AEM S.p.A. and former ASM S.p.A.

Following the appeal presented, A2A S.p.A. lodged an appeal, submitting counter claims and subsequent brief.

On July 5, 2010, the Revenue Agency's appeal was discussed before the Regional Revenue Tribunal, who accepted it.

Without delay, the company presented an appeal to the Court of Cassation, describing the flaws in the appeal ruling; a date for the hearing to discuss the case has not been set yet.

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Judgement on the appeal presented by the Revenues Agency regarding ruling no.222/09/11, and the positions of the former AEM S.p.A. and former ASM S.p.A.

Following the appeal presented, A2A S.p.A. lodged an appeal, submitting counter claims and subsequent brief.

On July 5, 2012, the Revenue Agency's appeal was discussed before the Regional Revenue Tribunal, who accepted it.

A2A is assessing its option of filing a counter claim with the Court of Cassation so the court might assess the flaws in the appeal ruling.

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

The purchase of the investment in HISA by BAS was made through a local consultant called Consul Latina.

Given that the wording of the contract was not totally clear and the fact that BAS S.p.A. on its own did not buy 100% of HISA, BAS S.p.A. did not pay the fee due to Consul Latina, which sued for payment in 1998.

The lawsuit is still in underway with various procedural objections, some recent, such as the fact that all court proceedings after May 18, 2005 were declared null and void for lack of right of attorney; a problem that has been resolved subsequently.

In the appeal ref. EXP 82218, ruling 3697/3000 dated May 9, 2008, Consul Latina requested that the proceedings be declared void given that the lawyers had no powers and claiming damages due to a delay in the filing of documents by BAS S.p.A.. The court refused the claims, recognising that ASM S.p.A. took over from BAS S.p.A..

We have been informed by the lawyer, Mr De Florio, that, according to Consul Latina, the amount payable on May 10, 2007 was USD 1,872,000, calculated on a principal of USD 720,000 plus interest of 1% from April 1999.

As of that date, a possible offer by ASM S.p.A. to settle the dispute for USD 400,000 was not considered acceptable.

In a communication dated November 18, 2008, the lawyer reiterated that the coefficient to be applied to the value of the principal to understand the sum due by BAS S.p.A. in the event of losing the lawsuit is 27.22%. He also confirmed that, over the last two years, the interest rate applicable to commercial settlements has remained at 1.55%.

On July 30, 2010, notification of an international rogatory letter was received, requesting a formal cross-examination of A2A S.p.A. on the facts and witness questions formulated by the Buenos Aires Court; the hearing was held on September 17, 2010 and the report was sent to the Court of Appeal at the Buenos Aires court for their subsequent ruling.

The legal team assisting A2A S.p.A. believes A2A S.p.A.'s testimony went well, but have no prediction to make as regards a date or outcome of the possible ruling.

The attorneys' opinion about the outcome of the case laid out in their report at month-end March 2012 predicts a 25% chance that the ruling allows all the demands of Consult Latina (principal amount of USD 720,000 plus accrued interest at 1% per month, plus expenses in the amount of 30% of the principal and interest); a 55% chance that the ruling reduces the claims of Consult Latina (to USD 131,521 plus accrued interest at 1% per month, plus expenses in the amount of 30% of the principal and interest); a 10% chance that the ruling reduces the claims of Consult Latina (to USD 82,855 plus accrued interest at 1% per month, plus expenses in the amount of 30% of the principal and interest); and 10% chance that the judge finds A2A S.p.A. fully exonerated and does not order it to make any payment.

In motion No. 82220, Consult Latina demanded a pledge on Redengas S.A. shares; the Court allowed the claim on June 21, 2001.

As regards the claim named EXP 90779, Ruling 5317534 dated May 20, 2005, in which Consul Latina raised objection regarding the absence of locus standi of attorney De Florio in the action held in August 2005 resulting from the merger of BAS S.p.A. into ASM S.p.A., the judge dismissed the case (in a ruling issued on October 6, 2009) due to the plaintiff's failure to respond.

On November 10, 2008, attempted to file a new claim against BAS S.p.A., EXP 095148, requesting information about Enerfin S.r.l. in liquidation, designed to find out if ASM S.p.A. was still a shareholder and, if not, the selling price obtained. In different proceedings (No. 95148), on November 16, 2009, the judge condemned A2A S.p.A. to pay a fine of 300 pesos per day from May 6, 2009 for not having provided the information required about the sale; our legal team appealed immediately against this sentence and for this reason no fine has yet been paid. On June 30, 2011, the Court of Appeals revoked the interlocutory appeal which found A2A S.p.A. to be noncompliant; as a result, A2A S.p.A., which had never paid the daily penalty, was declared not obligated to make this payment.

In February 2010, A2A S.p.A. renewed the mandate of the Garrido Law Office to find a way of settling the original lawsuit brought by Consult Latina and take the necessary steps to revoke the pledge filed by Consul Latina on HISA's subsidiaries. In late September 2011, the attorneys communicated a settlement proposal, without elaborating on the details of its terms, filed by Consult Latina for a value of USD 3.9 million. A2A S.p.A. communicated that this would not be acceptable, reconfirming our willingness to settle for a figure of around 750 thousand dollars. We have no information on the formal response of Consult Latina.

The company is assisted by Studio Garrido in Buenos Aires.

Investigation on gas measuring devices

There is a nationwide investigation pending at the Public Prosecutor's Office in Brescia 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 crime is that of 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 the notification of the "Conclusion of Preliminary Questioning - Art. 415 bis of the Italian Penal Code" dated February 7, 2011, notification 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 Brescia Preliminary Investigations Magistrate on November 8, 2011. The defence for the accused raised a preliminary exception annulling the notification of the decree containing the notification advising of the "Date of Preliminary Hearing" given that it did not include the CD with the list of "indicted" meters indicated in the decree as "attachment forming a material part of the charge". The Examining Judge accepted the exception and declared the notification annulled. As a result, the Public Prosecutor had to reissue the "Notification of Conclusion of Preliminary Investigations - Art.-415 bis Italian Penal Code" and return to the previous stage in the proceedings. On January 4-9, 2012, the "Notification of Conclusion of Preliminary Investigations - Art. 415-bis Italian Penal Code" was reissued, along with the CD.

The preliminary hearing was held on October 18, 2012. At this time, the Public Prosecutor raised an exception in accordance with article 11 of the Code of Civil Procedure, noting that at least two judges, whose judiciary offices are located in the district of the Appeals Court of Brescia, would seem to have the quality of "aggrieved parties" in the proceedings and asked the Preliminary Investigations Magistrate the Honorable Nappo, to declare the absence of jurisdiction of the Court of Brescia. The respondents agreed with the petition. The judge subsequently declared the absence of jurisdiction and ordered the documents submitted to the Public Prosecutor's Office of Venice. Subsequent to this order, the proceedings returned to the initial phase.

Buzzi Arturo/A2A S.p.A.

Mr. Buzzi sued AEM S.p.A. (now A2A S.p.A.) before the Milan Court in a writ served on May 24, 2001.

Mr. Buzzi challenged before the Milan Court the resolutions by which the Shareholders' Meeting approved the financial statements and authorised the sale by AEM S.p.A. to e.Biscom S.p.A. of the 30.8% stake then held by AEM in Fastweb S.p.A.; at the same time, AEM S.p.A. bought e.Biscom S.p.A.'s 33% interest in Metroweb S.p.A. and subscribed a bond loan.

AEM S.p.A. appeared at the hearing on November 19, 2003, filing a defence statement.

The hearing at which the parties made an appearance was held on April 20, 2004, whereas the hearing at which the case was debated was held on November 9, 2004. The parties' legal counsel exchanged statements in accordance with arts. 183.5 and 184 of the Code of Civil Procedure. Mr. Buzzi's counsel asked the Judge to admit evidence from witnesses, to request an expert witness's report and to order the acquisition "of the assessment carried out at the time by Morgan Stanley on the valuation of Fastweb S.p.A. and Metroweb S.p.A. for the purposes of the share exchange between e.Biscom S.p.A. and AEM S.p.A. and collateral transactions and Metroweb S.p.A.'s financial statements at December 31, 2002 and December 31, 2003". AEM S.p.A.'s legal counsel opposed this and at the hearing of February 28, 2005, the Investigating Judge dismissed Mr. Buzzi's requests. Then, considering that the case was ready for a final decision, he set April 4, 2006 as the date for the hearing at which the conclusions would be heard.

With a ruling filed on June 7, 2007, the Judge of the Milan Court rejected the plaintiff's requests, sentencing him to pay all of the legal expenses.

Mr. Buzzi appealed against the Court ruling, and while it is impossible to predict the outcome of the appeal, the risk of the sentence of first instance being reviewed appears to be relatively minor. The Court of Appeals ruled in favour of the company.

Arbitration initiated by Ecovolt due to violation of the Investment Agreement – Shareholders' Agreement of Ostros Energia S.r.l. in liquidation (Arbitration 6309 filed by Ecovolt)

On May 25, 2009, the minority shareholders of Ostros Energia S.r.l., in liquidation, Ecovolt, filed a petition for arbitration in execution of the arbitration clause present in the Investment Agreement signed with ASM S.p.A. (now known as A2A S.p.A.) on January 30, 2007 with a view to seeking a declaration of violation of the Agreement by A2A S.p.A., in its part of the Shareholders' Agreement, for not financing development of Ostros Energia S.r.l., in liquidation and failing to carry out the obligations set forth, especially those under art. 2.5 of the same Agreement.

These matters were first examined by the parties towards the end of 2008, and legal opinions were obtained.

The Board of Arbitration is made up of Prof. N. Irti, Prof. G. Sbisà and Prof. M. Cera. During the first meeting on March 4, 2010, convened to make the obligatory attempt at reconciliation, the Board took note of the absence of the parties as the conditions did not exist for a settlement and scheduled for April 26, 2010 the hearing to cross-examine the parties, to this end inviting their legal representatives or informed persons with right of attorney. The Board also established November 20, 2010 as the deadline to conclude the arbitration proceedings.

Following the aforementioned free examination, the Board issued order no. 6309/20 on June 3, 2010, asking the Chamber of Arbitration to appoint an expert witness to qualify the difference between the projects mentioned in the investment agreement dated January 31, 2007, in particular the San Biagio project and projects described in the Baltic agreement.

By way of a provision issued by the Board of Arbitration on July 1, 2010, the German research institute Deutsches Windenergie GmBH Institute Branch DeEI Italia was appointed as the independent court expert; the Board then scheduled the hearing for September 23, 2010 to confirm arbitration proceedings and set a date to commence the expert examination (October 15, 2010), submission of the report (January 10, 2011) and to allow the parties to appoint their own technical expert witnesses.

At that hearing, A2A S.p.A. appointed the firm D'Apollonia as its expert witness, and Ecovolt appointed Professor Zaninelli.

On September 28, 2010, the Chamber of Arbitration advised the parties that their appointed expert witness had withdrawn, with relative written notice.

On October 13, 2010, the Chamber of Arbitration announced its new order no. 1611/21 dated October 12, 2010, naming Professor Villacci from Sannio University as the new expert technical witness. On December 23, 2010, the expert technical witness applied to the Arbitrators for the term set for submitting the expert report to be extended until February 25, 2011; the term was further extended to April 6, 2011.

On receipt of the expert report, the Board set the term for the parties to submit their respective statements, and the last statement was filed on June 24, 2011. The Board invited the parties to come to a settlement; nevertheless, the epistolary exchange in this regard did not alter the positions of either of the parties.

The Board of Arbitration requested an extension of the term to submit the award until May 20, 2012 selected then set a date for the hearing, before both lawyers and the technical experts, on October 6, 2012.

The Board of Arbitration set December 14, 2011 as the date for the obligatory attempt at reconciliation.

A few days prior to this date, Ecovolt filed a new opinion by an external third party, with no relation to the arbitration procedure, in an attempt to quantify the damage caused by A2A S.p.A.'s conduct.

During the hearing, the Arbitrators listened to the parties and communicated that no new measures or orders would be passed until January 15, 2012. On December 19, 2011, Ecovolt's lawyers wrote to A2A S.p.A.'s legal team to remind them of the limited time available to assess any settlement solutions.

A2A S.p.A.'s legal team replied in writing that the company was willing to reach an agreement, with no recognition of responsibility whatsoever, to pay the comprehensive and non-modifiable sum of 500,000 euro, in exchange for Ecovolta's agreement to withdraw all claims of any kind.

On February 2, 2012, the Board of Arbitration appointed a new expert witness, Mario Massari, charged with answering a number of new questions in a view to determining the value at December 31, 2008 of the Ostros Energia S.r.l. stock, in liquidation, owned by Ecovolt. At the following hearing on February 14, 2012, after extensive discussion, Ecovolt appointed its own expert witness, Mr. Brugger and A2A S.p.A. appointed Mr. Dallocchio and the deadline was set as June 15, 2012 for filing the report which already incorporated the expert witnesses of each party.

Further to the appeal of the expert witness, Mr. Massari, at the end of the brief and the consultants' meetings, a hearing was held in which the Board clarified again the questions posed and updated the deadline for drawing up the expert's report as June 15, 2012 filing of the first expert's report, June 29, 2012 as the last date for making remarks to the parties' experts, and July 16, 2012 for the final report filing.

On July 24, 2012, Ecovolt came up with other preliminary petitions and on July 30, 2012, subsequent to Mr. Massari filing the expert's report, A2A revised the settlement offer it had already filed.

On July 31, 2012, the Board issued an independent order to set the date of September 25, as the last date for the parties to file their remarks to the expert's report; the parties respected this deadline.

On October 5, 2012, the Board of Arbitration set October 16, 2012 as the hearing date for negotiation.

At the October 16, 2012 hearing, the deadline for filing the decision was postponed further to May 20, 2013; the deadlines for filing each parties' briefs were set respectively at October 31, 2012, December 1, 2012, January 31, 2013 and the final hearing was set as February 14 , 2013. During the hearing, following the discussion by the parties' attorneys, the arbitrators reserved the right to issue an order and demanded and obtained an extension of the deadline for filing its decision. Pursuant to article 36 of the regulations for Board of Arbitration, the deadline for filing was set at June 28, 2013.

The company is defended by the Chiomenti legal firm.

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 an alleged breach of a private agreement to purchase shares in Eurosviluppo Industriale S.p.A. (now called ERGOSUD S.p.A.)

On May 2 and 3, 2011, the Milan Chamber of Arbitration sent A2A S.p.A. (owner of 50% of the share capital of Ergosud S.p.A.) and E.ON Europa S.L. (former shareholder of Ergosud S.p.A. - currently the share is owned by E.ON Italia S.p.A.) respectively an arbitration request, whereby Société Financiere Cremonese S.A. together with Eurosviluppo Industriale S.p.A. had raised arbitration proceedings against the aforementioned companies, requesting the following: 1) to verify E.ON Europa S.L.'s and A2A S.p.A.'s breach of contract and failure to fulfil the obligations assumed in the agreements dated December 16, 2004, October 15, 2004 and July 25, 2007 inter partes, and 2) to sentence them to the payment of the remaining portion of the cost of the asset sale, consisting of the entire share capital of Ergosud S.p.A., equal to 10,000,000 euro, as well as compensation for damages incurred by Société Financiarie Cremonese S.A. and Eurosviluppo Industriale S.p.A., to cover both the consequential loss and loss of profits, amounting to 126,496,496 euro, save any further enumeration, as well as damages incurred to site stoppage, interest and revaluation.

E.ON Europa S.L. and A2A S.p.A. duly appeared before the court to ask for the opposing request to be rejected in full, forwarding a counter-claim requesting that the counter parties be forced to pay compensation for the damages incurred by the defendants as a result of the numerous breaches of contract; these were initially quantified in the sum of 30,500,000 euro, i.e. the larger or smaller sum considered to be equitable by the court, quantified in accordance with Article 1226 of the Italian Civil Code, including interest (as under Article 1283 of said code) and monetary revaluation (as under Article 1224, sub-section 2).

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

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

With regards to payment of the legal fees by defendants A2A S.p.A. and E.ON Europa S.L., and the non-payment by plaintiffs SFC S.A. and Eurosviluppo Industriale S.p.A., on December 2, 2011 the secretary of the Chamber of Arbitration communicated that the plaintiffs' 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 the same communication, the secretary informed that all documentation had been sent to the arbitrators to allow the proceedings to commence.

The board consists of Giuseppe Portal (Chairman), Vincenzo Mariconda (arbitrator named by A2A S.p.A. and E.ON Europa S.L.) and Giovanni Frau (arbitrator named by SFC S.A. and Eurosviluppo Industriale S.p.A.).

Pursuant to the regular formation of the Board, the first hearing was held on February 1, 2012. The Board reiterated that SFC S.A. and Eurosviluppo Industriale S.p.A. had lapsed from the claims originally filed. Furthermore, deadlines were assigned to the parties for filing their briefs and responses and for defining the items of evidence. In particular, E.ON Europa S.L. and A2A S.p.A., having become plaintiffs on the substance of the case (intending to continue the proceedings for the counterclaim, pursuant to the aforementioned lapse of the counterparties), were asked to specify their queries and indicate the items of evidence no later than the deadline of March 15, 2012; the subsequent deadlines for submitting the briefs were established as April 16, 2012, May 8, 2012 and May 31, 2012.

Furthermore, the date of the upcoming hearing was set as June 12, 2012 for personal appearance of the parties to attempt a reconciliation and for cross-examination. At the hearing, adjourned to June 19, 2012, the Board of Arbitration acknowledged the interceding bankruptcy of Eurosviluppo Industriale S.p.A. and established the deadline of October 30, 2012 for establishing the guardianship while also setting November 20, 2012 for the hearing for the attempt a reconciliation and an opportunity for cross-examination for the parties.

In view of the interceding bankruptcy of Eurosviluppo Industriale and the process concerns raised during such declaration, the Board issued a decision dated November 13, 2012 and ordered that the hearing set for November 20, 2012 should not be devoted to an attempt for reconciliation and therefore, would not include the presence of the parties. At the hearing on November 20, 2012, the Board set the deadline as July 4, 2013 for filing the award; also, the deadlines for the parties to file the briefs were set as December 20, 2012 and January 31, 2013, and February 20, 2013 was set for the hearing date for discussion, to hold at the office of the chairman of the Board.

The company is defended by Studio Chiomenti and Studio Simmons & Simmons.

Consorzio Eurosviluppo Scarl / Ergosud S.p.A. and A2A S.p.A. – Rome Civil Court

On May 27, 2011, Consorzio Eurosviluppo Industriale Scarl sent Ergosud S.p.A. and A2A S.p.A. a writ of summons, appealing for the following: (i) contractual and non-contractual damages claim, jointly or severally, amounting to 35,411,997 euro (1,065,529 euro of which for the remaining expenses payable); (ii) damages claim for site stoppage and failure to return areas pertaining to the Consortium.

When they appear before the court, Ergosud S.p.A. and A2A S.p.A. will ask for the claim to be rejected in full being unfounded and basically highlighting: (i) The Consortium does not have the legal status to institute legal proceedings, being in bankruptcy, (ii) the Consortium does not have the legal status to claim the damages allegedly incurred by Fin Podella for "advance contract schedule" and amounting to 6,153,437 euro, and for damages allegedly incurred by Conservificio Laratta S.r.l. amounting to 359,000 euro.

The hearing date was set as October 30, 2011. These proceedings were assigned to the Second Civil Section of the Court, heard by the magistrate Lorenzo Pontecorvo. The first hearing at which the parties made an appearance was held on November 30, 2011, where the magistrate reserved judgement on the merit of the legal authority of the Consortium to raise proceedings.

At that time, Ergosud S.p.A. and A2A S.p.A. will not be able to place counter-claims as this falls under the authority of the Bankruptcy Judge.

SFC S.A. filed an act of joinder on November 8, 2011, in accordance with Art. 105 of the Italian Code of Civil Procedure; this will allow a third party to add a new and different claim to the original proceedings, and asked for Ergosud S.p.A. alone to be forced to pay damages, more specifically the same amount as those claimed by the Consortium, quantified at 27,467,031 euro.

The authority of SFC S.A. to institute legal proceedings is independent of that of the Consortium, the original plaintiff, and if the latter's claim is declared non-processable due to an insufficient premise, i.e. the onset of bankruptcy, the case would continue between S.F.C. S.A. and Ergosud S.p.A.. In this context, A2A S.p.A. may ask to be excluded insomuch as no claims have been raised against the company, although the judge will most likely to adjourn the case until the final ruling.

Within the term of the first hearing, the lawyers formulated conclusions for Ergosud S.p.A. regarding the claim raised by SFC S.A., to be rebutted more conclusively in subsequent pre-trial statements, following Art. 183, sub-section 6, Italian Code of Civil Procedure.

The judge found the Bankruptcy was legitimate as SFC S.A. and therefore, established the proceedings end and the hearing as December 19, 2012, declaring the need to execute an expert opinion on a number of points, indicating the questions to pose to the expert, establishing as May 23, 2013 for the hearing to appoint the court's expert witness.

The company is defended by Simmons&Simmons.

Monfalcone Plant Inquiry

In November 2011, the Trieste Judicial Authority issued restrictive measures in the Regions of Veneto, Friuli Venezia Giulia and Lombardy against several individuals, including an employee of the Monfalcone Thermoelectric Plant, charging them with organised crime with the objective of defrauding the government, causing detriment to private enterprise and falsification of official documents, in addition to illegally trafficking of special waste and its disposal.

This inquiry was initiated when the A2A Group management, in March 2011, reported A2A employees and third party business people for aggravated fraud against A2A S.p.A.; these individuals are suspected of securing large sums of money for illegally trafficking special waste, falsifying waste identification documents and analysis certificates regarding the supply of biomass and the certification of their heat-generating potential. Specifically, quantities of incoming biomass higher than the real values were recorded, in addition to recorded increases in the heating power thereof.

A2A S.p.A., as owner of the production site, ordered preliminary suspension of the employee involved as well as the stop in payments of the invoices issued by the biomass suppliers which appear to be involved in the inquiries.

The investigation initiated by the Trieste Judicial Authority has not been completed yet hence, the information needed to determine the effect of any criminal conduct found is not yet available. In any event, proven detriment was found exclusively against the A2A Group and specifically against A2A Trading S.r.l. as regards the quality and quantity discrepancies in the biomass, since the latter, as the tollers and ultimately responsible for control of the plant, is subject to the potential risk upon completion of the preliminary phase that it may be impacted by higher costs incurred for the biomasses not delivered and higher costs incurred for illegal trafficking of the heat power of the biomasses delivered and not delivered.

In addition to this, the use of more carbon in place of biomasses could lead to a worsening of the environmental charges related to the second half of the financial year 2009 and for all of 2010, as well as a refund of the higher revenue or the environmental credits recorded over the real values (i.e. green certificates). The company may have filed declarations of generation of environmental credits higher than those actually produced with reference to 2009 and 2010, since the tally may have been affected by the error of considering a higher than true percentage of biomass energy than energy from conventional sources.

In this case, the company should submit the corrections to the aforementioned previous statements, as well as reimburse any higher revenue or the environmental credits that might have been paid pursuant to the error.

Furthermore, A2A Trading S.r.l. filed an application with the GSE, in accordance with the procedures and methods in use, to obtain the Green Certificates related to the year 2011, whose calculation was made based on the real quantities of biomass delivered to the plant. In accordance with the Public Prosecutor, it also considered a possible falsified increase in the heat producing powers by 20%. While GSE has recognised A2A Trading S.r.l. for the accuracy of the computations made for 2011, to date, the Green Certificates 2011 have not been issued as yet.

At the present time, in view of the fact that the inquiries have not been completed and there is not yet sufficient information as to illicit conduct, it is not possible to come up with an estimate of the potential liability.

Finally, the A2A Group, as the aggrieved party, shall protect its interests in any appropriate venue, including by seeking recompense for damages incurred.

ASM Novara S.p.A. dispute

Regional Administrative Court of Piedmont 79/2010 EdilCastello S.r.l. and Errevi S.r.l. vs. the Province of Novara toward ASM Novara S.p.A., A2A S.p.A. and Pessina Costruzioni

EdilCastello S.r.l. and Errevi S.r.l. - as the companies owning real estate property located in the immediate vicinity of the area intended for locating the plant of the remote heating project of the city of Novara - have filed appeal against: a) the ruling no. 4213 of November 9, 2010, with which the Province of Novara expressed a positive opinion on the compatibility of the plan to build the remote-heating plant; b) the resolution of the Town Council of Novara no. 326 dated August 1, 2005, declaring the public interest of the project proposal; c) the ruling of the Urban Mobility Service of the Municipality of Novara no. 17 of July 13, 2006, awarding the license to build and operate the remote-heating plant. The awarding process was found to be flawed due to subjective errors of the contractors and the opinion of environmental compatibility was erroneous due to the lack of preliminary study since it did not account for the plant's residential location as a result of the previously approved building recovery process, with the failure to evaluate the public and private interest of all parties.

On January 21, 2010, the Regional Administrative Court issued order no. 5 in which it enjoined the Province to file the municipal records subject to appeal. After the Province fulfilled the preliminary obligation, no other actions were posed.

The shareholders did not enter an appearance and the company was represented by Attorney B. Savorelli.

Court of Ferrara general docket 3707/2012 in opposition to Injunction no. 930/12 general docket 2300/12

On June 27-28, 2012, the Court of Ferrara issued injunction no. 930/12 in which it enjoined ASM Novara S.p.A. to pay INCICO S.p.A. (an engineering company hired to handle design work) the amount of 44,673.20 euro plus interest and charges for 2,590 euro. Notice of the injunction was served to ASM Novara S.p.A. on July 24, 2012; in turn, the company served timely notice of the summons in opposition, within the prescribed terms, to seek dismissal of the injunction due to the absence of jurisdiction of the Court of Ferrara, by virtue of the exclusive jurisdiction of the Court of Milan as per the contract, and the statement of inadmissibility of the petition for injunction. The amount of receivable held by INCICO S.p.A. is equal to the last payment instalment set forth by contract. However, the contract stipulates that full payment is contingent on approval of the working plan by the Municipality of Novara, an event that has not yet occurred.

The hearing date is set as February 14, 2013, which was postponed to March 7, 2013 due to the absence of the judge; at this hearing, the parties' attorneys insisted on approving the conclusions and the judge reserved the right to make a decision at a later time.

The company is represented by Attorney B. Savorelli of Milan.

Court of Brescia summons to appeal the resolution taken by the Board of Directors of ASM Novara S.p.A. on October 26, 2012

The shareholder Pessina Costruzioni and the outgoing directors, Massimo Pessina and Guido Stefanelli served notice of the summons to have the court declare 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 art. 2484 of the Civil Code, ordered publication of the resolution pursuant to art. 2484 and issued a request to appoint the official receiver at the Court of Brescia, according to art. 2487 of the Civil Code.

The petition will examine 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 composition of the Board of Directors passing the resolution and the errors in the certification of the causes of liquidation, allegedly not present.

The date of the hearing for discussion was set for May 7, 2013. By this date, the company will assess its composition.

Court of Brescia in Council Chambers, general docket 4321/2012, petition to appoint an official receiver in accordance with art. 2487 of the Civil Code.

The directors of ASM Novara S.p.A. - Paolo Rossetti, Michele De Censi and Lorenzo Spadoni - and the shareholder A2A S.p.A. filed a petition at the Court of Brescia to appoint an official receiver after having certified with resolution on October 26, 2012 the existence of the reasons for the liquidation of the company, under art. 2484 of the Civil Code, section 1 no. 3) (inability of the shareholders' meeting to function) and no. 4 (decrease below the minimum legal requirements of share capital for losses).

After meeting in its chambers on January 11, 2013, the Court of Brescia issued the decree in which it rejected the petition.

The directors of ASM Novara S.p.A. - Paolo Rossetti, Michele De Censi and Lorenzo Spadoni - and the shareholder A2A S.p.A. filed a claim pursuant to art. 739 of the Civil Code to revoke the decree and seek certification of the reasons for the liquidation of the company, while determining with recourse the number of official receivers.

The date of the hearing was set for March 20, 2013.

The company and the shareholder were represented by Attorney Zimmitti.

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As regards the main tax disputes, your attention is drawn to the following:

A2A S.p.A. – Notification of IRES, IRAP and VAT assessment for 2005 tax year

Lombardy Regional Headquarters of the Revenues Agency notified A2A S.p.A. (formerly Asm Brescia S.p.A.) on December 23, 2010 of an IRES (Corporate Income Tax), IRAP (Regional Production Tax) and VAT tax assessment for the 2005 tax year, as a result of a general tax audit carried out in 2008 by the Brescia 2 Tax Office for the same tax year.

These assessments are based on the Regional Management's claim that the company had not fulfilled its direct tax and VAT obligations' on this basis, greater IRES, IRAP and VAT payments are required as well as penalties and interest amounting to 3.3 million euro.

Appeals against each of these assessments have been filed with the relevant Tax Commissioners.

On the same day, the regional management also served notice of IRES assessments (level 2 notice) for the 2005 tax year on A2A S.p.A., being the consolidating company of Aprica S.p.A. and A2A Reti Gas S.p.A..

As regards the notice served as consolidating company of A2A Reti Gas S.p.A., the sum demanded was paid thereby definitively closing the case.

The notice served as consolidating company of Aprica S.p.A. was the subject of an appeal as part of the dispute currently ongoing for the level I notice, received in 2010 for the same reasons regarding Aprica S.p.A..

A2A S.p.A. (merging company of AMSA Holding S.p.A.) – Notification of VAT assessment for 2001 and 2005 tax years

In early 2006, the Italian Guardia di Finanza - the Lombardy Tax Squad, Milan I- audited AMSA Holding S.p.A. (now A2A S.p.A.) to check VAT paid in tax years from 2001 to 2005.

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

The report was followed by formal notices of assessment from the Tax Authority - Milan 3 Office - for each year audited; appeals were then lodged with the provincial tax commission, as allowed by law.

The appeal for 2001 was discussed on January 25, 2010 and those of 2004 and 2005 on February 17, 2010, with a favourable outcome for each for the company. The office filed an appeal against all of the rulings of the first courts. The Regional Tax Commission rejected the office's appeal for 2001, 2004 and 2005.

For the 2001 payment, the Tax Authority filed an appeal with the Court of Cassation, with AMSA Holding S.p.A. filing a cross-appeal on October 2, 2012.

The outcome of the 2002 and 2003 disputes were also favourable for the company, although the Tax Authority lodged an appeal against both rulings. The 2002 appeal was discussed on November 30, 2010; the Milan Regional Tax Commission issued its ruling on February 23, 2011, reformulating the initial ruling and accepting the Tax Authority's appeal on almost all accounts with the exception of the hazardous waste category. The Company will now file an appeal with the Court of Cassation for 2002. On November 7, 2011, a hearing was held regarding the appeal related to 2003 filed by the office with the Regional Tax Commission, which rejected it in a ruling filed on November 11, 2011.

7) CONTINGENT ASSETS ARISING FROM ENVIRONMENTAL CERTIFICATES

At December 31, 2012 A2A S.p.A. did not have an excess of environmental certificates.

8) AUDITORS' FEES

With reference to article 2427 16bis of the Civil Code, fees paid during the year to the external auditors to audit the annual financial statements and to provide other auditing services amounted to 317 thousand of euro.

0.4

Attachments

1 - Statement of changes in tangible assets

Tangible assets *Thousands of euro*	Amount at 12 31 2011			Changes during the year			
	Gross Amount	Accumulated Depreciation	Residual amount	Aquisition	Category changes	Reclassifications	
						Gross Amount	Accumulated Depreciation
Land	35,278	(5,151)	30,127		27	19	(19)
Buildings	551,183	(226,206)	324,977	1,451	654	2,909	(2,909)
Plant and machinery	1,969,249	(997,159)	972,090	21,604	30,659	704,087	(407,645)
Industrial and commercial equipment	21,038	(18,950)	2,088	236	10		
Other tangible assets	37,902	(33,824)	4,078	1,348			
Assets under concession (freely transferable)	707,015	(410,573)	296,442			(707,015)	410,573
Construction in progress and advances	21,036		21,036	29,606	(31,350)		
Leasehold improvements	627	(594)	33				
Total tangible assets	**3,343,328**	**(1,692,457)**	**1,650,871**	**54,245**	**-**	**-**	**-**

Tangible assets *Thousands of euro*	Amount at 12 31 2010			Effects non-recurring translation Spin-off of "Ciclo Idrico" to A2A Ciclo Idrico S.p.A.			Amount post non-recurring transactions		
	Gross Amount	Accumu-lated Deprecia-tion	Residual amount	Gross Amount	Accumu-lated Deprecia-tion	Residual amount	Gross Amount	Accumu-lated Deprecia-tion	Residual amount
Land	35,286	(5,151)	30,135				35,286	(5,151)	30,135
Buildings	548,177	(213,381)	334,796				548,177	(213,381)	334,796
Plant and machinery	1,949,542	(924,809)	1,024,733				1,949,542	(924,809)	1,024,733
Industrial and commercial equipment	21,251	(18,395)	2,856	(441)	258	(183)	20,810	(18,137)	2,673
Other tangible assets	39,741	(35,096)	4,645	(1,585)	1,358	(227)	38,156	(33,738)	4,418
Assets under concession (freely transferable)	706,236	(364,139)	342,097				706,236	(364,139)	342,097
Construction in progress and advances	20,636		20,636				20,636		20,636
Leasehold improvements	627	(591)	36				627	(591)	36
Total tangible assets	**3,321,496**	**(1,561,562)**	**1,759,934**	**(2,026)**	**1,616**	**(410)**	**3,319,470**	**(1,559,946)**	**1,759,524**

Changes during the year							Amount at 12 31 2012		
Other changes		Disposals		Write-downs	Depreciation	Total changes for the year	Gross Amount	Accumulated Depreciation	Residual amount
Gross Amount	Accumulated Depreciation	Gross Amount	Accumulated Depreciation						
		(12)				15	35,312	(5,170)	30,142
		(65)	6		(13,025)	(10,979)	556,132	(242,134)	313,998
(128)	18	(20,711)	9,472		(114,951)	222,405	2,704,760	(1,510,265)	1,194,495
		(2)	2		(669)	(423)	21,282	(19,617)	1,665
		(763)	746		(1,108)	223	38,487	(34,186)	4,301
						(296,442)			–
443		(57)				(1,358)	19,678		19,678
					(3)	(3)	627	(597)	30
315	**18**	**(21,610)**	**10,226**	**–**	**(129,756)**	**(86,562)**	**3,376,278**	**(1,811,969)**	**1,564,309**

Changes during the year										Amount at 12 31 2011		
Aquisitions	Category changes	Reclassifications		Altre variazioni	Disposals		Write-downs	Depreciation	Total changes for the year	Gross Amount	Accumulated Depreciation	Residual amount
		Gross Amount	Accumulated Depreciation		Gross Amount	Accumulated Depreciation						
	7	8			(23)				(8)	35,278	(5,151)	30,127
1,775	1,327	44	(22)	(140)				(12,803)	(9,819)	551,183	(226,206)	324,977
1,564	19,040	(104)			(793)	693		(73,043)	(52,643)	1,969,249	(997,159)	972,090
231					(3)	3		(816)	(585)	21,038	(18,950)	2,088
121	718	(3)			(1,090)	1,078		(1,164)	(340)	37,902	(33,824)	4,078
333	446							(46,434)	(45,655)	707,015	(410,573)	296,442
23,529	(21,566)	114		(1,677)					400	21,036		21,036
								(3)	(3)	627	(594)	33
27,553	**(28)**	**59**	**(22)**	**(1,817)**	**(1,909)**	**1,774**	**–**	**(134,263)**	**(108,653)**	**3,343,328**	**(1,692,457)**	**1,650,871**

2 - Statement of changes in intangible assets

Intangible assets *Thousands of euro*	Amount at 12 31 2011			Changes during the year			
						Reclassifications	
	Gross Value	Accumulated Amortization	Residual amount	Purchases	Category changes	Gross Value	Accumulated Amortization
Industrial patents and intellectual property rights	85,175	(64,321)	20,854	9,918	17,859		
Concessions, licenses, trademarks and similar rights	21,785	(18,776)	3,009	1,612			
Goodwill	39,612		39,612				
Assets in progress	15,184		15,184	11,893	(17,859)		
Other intangible assets	1,307	(958)	349				
Total intangible assets	**163,063**	**(84,055)**	**79,008**	**23,423**	**-**	**-**	**-**

Intangible assets *Thousands of euro*	Amount at 12 31 2010			Effects of non-recuring transaction Spin-off of "Ciclo Idrico" to A2A Ciclo Idrico S.p.A.			Amount post non-recurring transactions		
	Gross Value	Accumu-lated Amortiza-tion	Residual amount	Gross Value	Accumu-lated Amortiza-tion	Residual amount	Gross Value	Accumu-lated Amortiza-tion	Residual amount
Industrial patents and intellectual property rights	69,867	(49,155)	20,712				69,867	(49,155)	20,712
Concessions, licenses, trademarks and similar rights	329,318	(95,086)	234,232	(309,760)	78,548	(231,212)	19,558	(16,538)	3,020
Goodwill	39,612		39,612				39,612		39,612
Concessions "in progress"	11,202		11,202	(11,202)		(11,202)			
Assets in progress	8,915		8,915	(38)		(38)	8,877		8,877
Other intangible assets	1,701	(1,292)	409	(394)	394		1,307	(898)	409
Total intangible assets	**460,615**	**(145,533)**	**315,082**	**(321,394)**	**78,942**	**(242,452)**	**139,221**	**(66,591)**	**72,630**

Changes during the year							Amount at 12 31 2012		
Other changes		Disposals		Write-downs	Amortization	Total changes for the year	Gross Value	Accumulated Amortization	Residual amount
Gross Value	Accumulated Amortization	Gross Value	Accumulated Amortization						
(234)	80				(16,905)	10,718	112,718	(81,146)	31,572
					(1,742)	(130)	23,397	(20,518)	2,879
							39,612		39,612
						(5,966)	9,218		9,218
					(59)	(59)	1,307	(1,017)	290
(234)	**80**	**-**	**-**	**-**	**(18,706)**	**4,563**	**186,252**	**(102,681)**	**83,571**

Changes during the year									Amount at 12 31 2011		
Purchases	Category changes	Reclassifications		Disposals		Write-downs	Amortization	Total changes for the year	Gross Value	Accumulated Amortization	Residual amount
		Gross Value	Accumulated Amortization	Gross Value	Accumulated Amortization						
9,119	6,334	(145)					(15,166)	142	85,175	(64,321)	20,854
1,805	481	(59)	22				(2,260)	(11)	21,785	(18,776)	3,009
									39,612		39,612
											-
12,949	(6,787)	145						6,307	15,184		15,184
							(60)	(60)	1,307	(958)	349
23,873	**28**	**(59)**	**22**	**-**	**-**	**-**	**(17,486)**	**6,378**	**163,063**	**(84,055)**	**79,008**

3/a - Statement of changes in investments in subsidiaries

Shareholdings *thousands of euro*	**Amount at 12 31 2011**	**Changes in 2012**		
		Increases	**Decreases**	**Effect of non-recurring transactions**
FINANCIAL ASSETS				
Subsidiaries:				
Delmi S.p.A.	476,927			
A2A Reti Gas S.p.A.	695,660	620		
A2A Reti Elettriche S.p.A.	668,333			
Elektroprivreda Cnre Gore AD (EPCG)	376,017			
Ecodeco S.r.l.	346,333			
A2A Calore & Servizi S.r.l.	334,477			
Edipower S.p.A. (*)				
Aprica S.p.A.	211,363	41		
A2A Ciclo Idrico S.p.A.	171,595			
Abruzzoenergia S.p.A.	141,071	400		
A2A Energia S.p.A.	97,658			200
Amsa S.p.A.	76,945			
A2A Coriance S.a.s.	32,952		(32,952)	
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.	874			
A2A Servizi alla Distribuzione S.p.A.	620		(620)	
Plurigas S.p.A.	560			
Seasm S.r.l.	469			
A2A Montenegro d.o.o.	300			
Partenope Ambiente S.p.A.	140			
Mincio Trasmissione S.r.l.	10			
Ostros Energia S.r.l. in liquidation				
Total subsidiaries	**3,727,378**	**1,061**	**(33,572)**	**200**

(*) A2A S.p.A. holds a 20% direct interest in Edipower S.p.A. and has an indirect equity interest in Delmi S.p.A., which holds 70% of Edipower S.p.A..
On December 18, 2012 an agreement was signed whereby, effective January 1, 2013, Delmi S.p.A. will merge with and into Edipower S.p.A..

Changes in 2012		Amount at 12 31 2012	Share of equity		
Write-downs	Other changes		% held	Equity at 12 31 2012	Pro rata amount
		476,927	51.00%	930,071	474,336
		696,280	100.00%	693,407	693,407
		668,333	100.00%	691,224	691,224
		376,017	43.70%	854,465	373,401
		346,333	100.00%	117,775	117,775
		334,477	100.00%	351,514	351,514
	290,000	290,000	20.00%	1,524,621	304,924
		211,404	99.99%	270,150	270,123
(4,595)		167,000	100.00%	165,991	165,991
		141,471	100.00%	136,077	136,077
		97,858	100.00%	125,473	125,473
		76,945	100.00%	127,907	127,907
		–			
		30,105	87.27%	38,746	33,814
		26,508	90.00%	14,593	13,134
		17,268	100.00%	17,590	17,590
		9,222	100.00%	7,591	7,591
		5,848	97.76%	5,128	5,013
		3,557	60.00%	5,959	3,575
		1,467	74.50%	903	673
		1,099	100.00%	65,360	65,360
		874	47.00%	1,706	802
		–			
		560	70.00%	61,418	42,993
		469	67.00%	643	431
		300	100.00%	126	126
		140	100.00%	16,607	16,607
		10	100.00%	115	115
		–	80.00%	(4,322)	(3,458)
(4,595)	**290,000**	**3,980,472**		**6,220,838**	**4,036,518**

3/b - Statement of changes in investments in affiliates

Shareholdings *thousands of euro*	**Amount at 12 31 2011**	**Changes in 2012**	
		Increases	**Decreases**
NON-CURRENT FINANCIAL ASSETS			
Affiliates:			
Edipower S.p.A.	290,000		
Ergosud S.p.A.	68,041	6,350	
Dolomiti Energia S.p.A. (**)	51,000		
ACSM-AGAM S.p.A. (**)	31,600		
Metroweb S.p.A.	24,000		(24,000)
Rudnik Uglja Ad Plejvlja (*)	19,067		
Azienda Servizi Valtrompia S.p.A.	3,358	25	
Metamer S.r.l.	885		
Sviluppo Turistico Lago d'Iseo S.p.A. (**)	858		
Asm Novara S.p.A. (**)			
Ergon Energia S.r.l. in liquidation (**)	600		
SET S.p.A. (**)	466		
Serio Energia S.r.l. (**)	400		
Ge.Si S.r.l.	380		
Visano Società Trattamento Reflui S.c.a.r.l. (**)	10		
Centrale Termoelettrica del Mincio S.r.l.	6		
Total affiliates	**490,671**	**6,375**	**(24,000)**

(*) Data as of December 31, 2010
(**) Data as of December 31, 2011

	Changes in 2012		Amount at 12 31 2012	Share of equity		
	Write-downs	Other changes		% held	Equity at 12 31 2012	Pro rata amount
		(290,000)	-			-
			74,391	50.00%	164,279	82,140
			51,000	7.90%	611,837	48,335
			31,600	21.94%	124,843	27,391
			-			-
			19,067	39.49%	22,012	8,693
			3,383	48.77%	8,205	4,002
			885	50.00%	3,036	1,518
			858	24.29%	3,444	837
				50.00%	581	291
	(600)			50.00%	116	58
			466	49.00%	1,015	497
			400	40.00%	1,638	655
			380	44.50%	3,741	1,665
			10	40.00%	26	10
			6	45.00%	11	5
	(600)	**(290,000)**	**182,446**		**944,784**	**176,097**

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

Name *Thousands of euro* **Available-for-sale financial assets (AFS)**	**% held**	**Shareholder**	**Carrying value at 12 31 2012**
Infracom S.p.A.	1.57%	A2A S.p.A.	155
Immobiliare-Fiera di Brescia S.p.A.	5.52%	A2A S.p.A.	705
E.M.I.T. S.p.A.	10.00%	A2A S.p.A.	459
Azienda Energetica Valtellina e Valchiavenna S.p.A. (AEVV)	9.39%	A2A S.p.A.	1,846
Other:			
A.C.B. Servizi S.r.l.	5.00%	A2A S.p.A.	
AQM S.r.l.	8.18%	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.a.	A2A S.p.A.	
Brixia Expo-Fiera di Brescia S.p.A.	9.44%	A2A S.p.A.	
Consorzio DIX.IT in liquidation	14.28%	A2A S.p.A.	
Consorzio Intellimech	n.a.	A2A S.p.A.	
Consorzio L.E.A.P.	10.53%	A2A S.p.A.	
Consorzio Milano Sistema in liquidation	10.00%	A2A S.p.A.	
CSEAB (previously Cramer S.c.a.r.l.)	6.67%	A2A S.p.A.	
Emittenti Titoli S.p.A.	1.85%	A2A S.p.A.	
INN.TEC. S.r.l.	10.89%	A2A S.p.A.	

Name *Thousands of euro*	**% held**	**Shareholder**	**Carrying value at 12 31 2012**
Isfor 2000 S.c.p.a.	4.94%	A2A S.p.A.	
Stradivaria S.p.A.	n.a.	A2A S.p.A.	
Total other financial assets			**1,490**
Total available-for-sale financial assets			**4,655**

Note: A2A S.p.A. participated in the incorporation of Società Cooperativa Polo dell'innovazione della Valtellina by subscribing to 5 shares with nominal value of 50 euro.

4/a - List of investments in subsidiaries

Company *Thousands of euro* **Subsidiaries:**	**Registered office**	**Currency**	**Share capital at 12 31 2012**
Delmi S.p.A.	Milano	Euro	1,466,868
A2A Reti Gas S.p.A.	Brescia	Euro	445,000
A2A Reti Elettriche S.p.A.	Brescia	Euro	520,000
Elektroprivreda Cnre Gore AD (EPCG)	Nikšić (Montenegro)	Euro	958,666
Ecodeco S.r.l.	Milano	Euro	7,469
A2A Calore & Servizi S.r.l.	Brescia	Euro	150,000
Edipower S.p.A.	Milano	Euro	1,441,300
Aprica S.p.A.	Brescia	Euro	204,698
A2A Ciclo Idrico S.p.A.	Brescia	Euro	70,000
Abruzzoenergia S.p.A.	Gissi (Ch)	Euro	130,000
A2A Energia S.p.A.	Milano	Euro	1,000
Amsa S.p.A.	Milano	Euro	52,179
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.	Milano	Euro	1,875
Camuna Energia S.r.l.	Cedegolo (Bs)	Euro	900
A2A Trading S.r.l.	Milano	Euro	1,000
Ecofert S.r.l.	S.Gervasio Bresciano (Bs)	Euro	100
Plurigas S.p.A.	Milano	Euro	800
Seasm S.r.l.	Brescia	Euro	700
A2A Montenegro d.o.o.	Podgorica (Montenegro)	Euro	300
Partenope Ambiente S.p.A.	Brescia	Euro	120
Mincio Trasmissione S.r.l.	Brescia	Euro	10
Ostros Energia S.r.l. in liquidation	Brescia	Euro	350

Equity at 12 31 2012	Result at 12 31 2012	% held	Pro rata amount (a)	Carrying amount (b)	Difference (a – b)
930,071	(5,081)	51.00%	474,336	476,927	(2,591)
693,407	38,510	100.00%	693,407	696,280	(2,873)
691,224	6,681	100.00%	691,224	668,333	22,891
854,465	(4,658)	43.70%	373,401	376,017	(2,616)
117,775	1,088	100.00%	117,775	346,333	(228,558)
351,514	23,372	100.00%	351,514	334,477	17,037
1,524,621	48,640	20.00%	304,924	290,000	14,924
270,150	32,864	99.99%	270,123	211,404	58,719
165,991	(5,605)	100.00%	165,991	167,000	(1,009)
136,077	5,157	100.00%	136,077	141,471	(5,394)
125,473	10,403	100.00%	125,473	97,858	27,615
127,907	41,617	100.00%	127,907	76,945	50,962
38,746	262	87.27%	33,814	30,105	3,709
14,593	8,586	90.00%	13,134	26,508	(13,374)
17,590	200	100.00%	17,590	17,268	322
7,591	1,393	100.00%	7,591	9,222	(1,631)
5,128	33	97.76%	5,013	5,848	(835)
5,959	198	60.00%	3,575	3,557	18
903	9	74.50%	673	1,467	(794)
65,360	30,279	100.00%	65,360	1,099	64,261
1,706	(27)	47.00%	802	874	(72)
61,418	18,250	70.00%	42,993	560	42,433
643	13	67.00%	431	469	(38)
126	73	100.00%	126	300	(174)
16,607	15,313	100.00%	16,607	140	16,467
115	36	100.00%	115	10	105
(4,322)	(1,579)	80.00%	(3,458)	–	(3,458)

4/b - List of investments in affiliates

Company *Thousands of euro*	**Registered office**	**Currency**	**Share capital at 12 31 2012**
Ergosud S.p.A.	Roma	Euro	81,448
Dolomiti Energia S.p.A. (*)	Rovereto (Tn)	Euro	411,496
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
Metamer S.r.l.	San Salvo (Ch)	Euro	650
Sviluppo Turistico Lago d'Iseo S.p.A. (*)	Iseo (Bs)	Euro	1,616
Asm Novara S.p.A. (*)	Brescia	Euro	1,000
Ergon Energia S.r.l. in liquidation (*)	Milano	Euro	600
SET S.p.A. (*)	Toscolano Maderno (Bs)	Euro	104
Serio Energia S.r.l. (*)	Concordia sulla Secchia (Mo)	Euro	1,000
Ge.Si 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

(*) Data as of December 31, 2011
(**) Data as of December 31, 2010

	Equity at 12 31 2012	Result at 12 31 2012	% held	Pro rata amount (a)	Carrying amount (b)	Difference (a – b)
	164,279	(3,679)	50.00%	82,140	74,391	7,749
	611,837	54,085	7.90%	48,335	51,000	(2,665)
	124,843	649	21.94%	27,391	31,600	(4,209)
	22,012	13,460	39.49%	8,693	19,067	(10,374)
	8,205	242	48.77%	4,002	3,383	619
	3,036	758	50.00%	1,518	885	633
	3,444	(36)	24.29%	837	858	(21)
	581	(183)	50.00%	291	–	291
	116	(90)	50.00%	58	–	58
	1,015	(25)	49.00%	497	466	31
	1,638	431	40.00%	655	400	255
	3,741	545	44.50%	1,665	380	1,285
	26	-	40.00%	10	10	-
	11	(2)	45.00%	5	6	(1)

5 - Attachment 5

Name	Registered Office	% of voting shares held	Claim	Company holding direct investment
A2A Calore & Servizi S.r.l.	Brescia	100.00%	Ownership	A2A S.p.A.
A2A Ciclo Idrico S.p.A.	Brescia	100.00%	Ownership	A2A S.p.A.
A2A Energia S.p.A.	Milano	100.00%	Ownership	A2A S.p.A.
A2A Logistica S.p.A.	Brescia	100.00%	Ownership	A2A S.p.A.
A2A Montenegro d.o.o.	Podgorica (Montenegro)	100.00%	Ownership	A2A S.p.A.
A2A Reti Elettriche S.p.A.	Brescia	100.00%	Ownership	A2A S.p.A.
A2A Reti Gas S.p.A.	Brescia	100.00%	Ownership	A2A S.p.A.
A2A Servizi alla Distribuzione S.p.A.	Brescia	100.00%	Ownership	A2A Reti Gas S.p.A.
A2A Trading S.r.l.	Milano	100.00%	Ownership	A2A S.p.A.
AMSA S.p.A.	Milano	100.00%	Ownership	A2A S.p.A.
ASPEM ENERGIA S.r.l.	Varese	100.00%	Ownership	A2A Energia S.p.A.
Mincio Trasmissione S.r.l.	Brescia	100.00%	Ownership	A2A S.p.A.
Ecoair S.r.l.	Milano	100.00%	Ownership	Ecodeco S.r.l.
Ecodeco Hellas S.A.	Atene (Grecia)	100.00%	Ownership	Ecodeco S.r.l.
Ecodeco S.r.l.	Milano	100.00%	Ownership	A2A S.p.A.
Partenope Ambiente S.p.A.	Brescia	100.00%	Ownership	A2A S.p.A.
Selene S.p.A.	Brescia	100.00%	Ownership	A2A S.p.A.
Sistema Ecodeco UK Ltd	Canvey Island Essex (UK)	100.00%	Ownership	Ecodeco S.r.l.
Abruzzoenergia S.p.A.	Gissi (Ch)	100.00%	Ownership	A2A S.p.A.
Varese Risorse S.p.A.	Varese	100.00%	Ownership	Aspem S.p.A.
Aprica S.p.A.	Brescia	99.99%	Ownership	A2A S.p.A.
Nicosiambiente S.r.l.	Milano	99.90%	Ownership	Ecodeco S.r.l.
Vespia S.r.l. (in liquidation)	Milano	99.90%	Ownership	Ecodeco S.r.l.
Ecolombardia 18 S.r.l.	Milano	98.86%	Ownership	Ecodeco S.r.l.
Assoenergia S.p.A. (in liquidation)	Brescia	97.76%	Ownership	A2A S.p.A.
Sicura S.r.l.	Milano	96.80%	Ownership	Ecodeco S.r.l.
Retragas S.r.l.	Brescia	91.60%	Ownership	A2A S.p.A. (87.27%) A2A Reti Gas S.p.A. (4.33%)
Aspem S.p.A.	Varese	90.00%	Ownership	A2A S.p.A.
Ostros Energia S.r.l. (in liquidation)	Brescia	80.00%	Ownership	A2A S.p.A.

Name	Registered Office	% of voting shares held	Claim	Company holding direct investment
Montichiariambiente S.p.A.	Brescia	80.00%	Ownership	Aprica S.p.A.
Camuna Energia S.r.l.	Cedegolo (Bs)	74.50%	Ownership	A2A S.p.A.
A2A Alfa S.r.l.	Milano	70.00%	Ownership	A2A Trading S.r.l.
Plurigas S.p.A.	Milano	70.00%	Ownership	A2A S.p.A.
Bioase S.r.l.	Sondrio	70.00%	Ownership	Ecodeco S.r.l. (51.00%) Amsa S.p.A. (19.00%)
A.S.R.A.B. S.p.A.	Biella	70.00%	Ownership	Ecodeco S.r.l.
Ecolombardia 4 S.p.A.	Milano	68.56%	Ownership	Ecodeco S.r.l.
SEASM S.r.l.	Brescia	67.00%	Ownership	A2A S.p.A.
Proaris S.r.l.	Milano	60.00%	Ownership	A2A S.p.A.
Delmi S.p.A.	Milano	51.00%	Ownership	A2A S.p.A.
Asm Novara S.p.A.	Brescia	50.00%	Ownership	A2A S.p.A.
Bellisolina S.r.l.	Montanaso Lombardo (Lo)	50.00%	Ownership	Ecodeco S.r.l.
Bergamo Pulita S.r.l.	Bergamo	50.00%	Ownership	Ecodeco S.r.l.
Bergamo Servizi S.r.l.	Sarnico (Bg)	50.00%	Ownership	Aprica S.p.A.
Ergon Energia S.r.l. in liquidation	Milano	50.00%	Ownership	A2A S.p.A.
Ergosud S.p.A.	Roma	50.00%	Ownership	A2A S.p.A.
Metamer S.r.l.	San Salvo (Ch)	50.00%	Ownership	A2A S.p.A.
PremiumGas S.p.A.	Bergamo	50.00%	Ownership	A2A Alfa S.r.l.
SED S.r.l.	Robassomero (To)	50.00%	Ownership	Ecodeco S.r.l.
Edipower S.p.A.	Milano	90.00%	Ownership	A2A S.p.A. (20%) Delmi S.p.A. (70%)
COSMO S.C.R.L.	Brescia	52.00%	Ownership	A2A Calore & Servizi S.r.l.
SET S.p.A.	Toscolano Maderno (Bs)	49.00%	Ownership	A2A S.p.A.
Edipower S.p.A.	Milano	90.00%	Ownership	A2A S.p.A. (20%) Delmi S.p.A. (70%)
COSMO S.C.R.L.	Brescia	52.00%	Ownership	A2A Calore & Servizi S.r.l.
SET S.p.A.	Toscolano Maderno (Bs)	49.00%	Ownership	A2A S.p.A.
Azienda Servizi Valtrompia S.p.A.	Gardone V.T. (Bs)	49.15%	Ownership	A2A S.p.A. (48.77%) A2A Reti Gas S.p.A. (0.38%)
Ge.S.I. S.r.l.	Brescia	44.50%	Ownership	A2A S.p.A.
Ecofert S.r.l. in liquidation	S. Gervasio Bresciano (Bs)	47.00%	Ownership	A2A S.p.A.
Cte Mincio S.r.l.	Ponti s/Mincio (Mn)	45.00%	Ownership	A2A S.p.A.
Elektroprivreda Cnre Gore AD (EPGC)	Niksic (Montenegro)	43.70%	Ownership	A2A S.p.A.
EPCG d.o.o. Beograd	Belgrade (Serbia)	100.00%	Ownership	EPCG
Zeta Energy d.o.o.	Danilovgrad (Montenegro)	51.00%	Ownership	EPCG
Prva banka Crne Gore A.D. Podgorica	Podgorica (Montenegro)	19.76%	Ownership	EPCG
Serio Energia S.r.l.	Concordia s/Secchia (Mo)	40.00%	Ownership	A2A S.p.A.
Visano Soc. Trattamento Reflui Scarl	Brescia	40.00%	Ownership	A2A S.p.A.
Rudnik Uglja AD Pljevlja	Pljevlja (Montenegro)	39.49%	Ownership	A2A S.p.A.
LumEnergia S.p.A.	Lumezzane (Bs)	33.33%	Ownership	A2A Energia S.p.A.
Tecnoacque Cusio S.p.A.	Omegna (Vb)	25.00%	Ownership	Ecodeco S.r.l.
Sviluppo Turistico Lago d'Iseo S.p.A.	Iseo (Bs)	24.29%	Ownership	A2A S.p.A.
Futura S.r.l.	Brescia	20.00%	Ownership	A2A Calore & Servizi S.r.l.
Prealpi Servizi S.r.l.	Varese	12.47%	Ownership	Aspem S.p.A.
INN.TEC. S.r.l.	Brescia	10.89%	Ownership	A2A S.p.A.

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

(pursuant to article 2429 paragraph 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	52,178,630	Euro	3,000,000	Euro	34,494,650
% held	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 12**	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**
Revenues	3,803,170	3,552,188	360,758	350,970	25,030	23,239	7,331	7,762
Gross operating income -EBITDA	63,571	18,975	84,424	91,758	3,491	2,418	4,334	5,054
Gross income - EBIT	63,179	18,705	60,223	65,680	2,136	1,006	2,188	2,987
Income before tax	55,050	11,786	55,226	60,285	1,857	680	2,195	3,021
Net income (loss) for the year	30,279	5,083	41,617	35,361	1,393	105	262	2,034
Assets	868,416	876,028	317,291	304,523	24,717	23,543	40,816	42,187
Liabilities	803,056	829,251	189,384	178,445	17,126	17,261	2,070	1,801
Equity	65,360	46,777	127,907	126,078	7,591	6,282	38,746	40,386
Net cash (debt) position	(148,770)	(40,469)	39,019	25,320	(6,978)	(6,738)	5,289	3,999

AFFILIATES	ERGON ENERGIA S.r.l. in liquidation		METAMER S.r.l.		GE.SI. S.r.l.		AZIENDA SERVIZI VALTROMPIA S.p.A.	
Share capital:	Euro	600,000	Euro	650,000	Euro	1,000,000	Euro	6,000,000
% held	A2A S.p.A.	50.00%	A2A S.p.A.	50.00%	A2A S.p.A.	44.50%	A2A S.p.A.	48.77%
Description - *Thousands of euro*	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**
Revenues	321	1,972	25,599	20,821	6,009	6,355	14,371	14,669
Gross operating income -EBITDA	(150)	1,056	1,585	821	967	1,635	1,287	1,652
Gross income - EBIT	36	231	1,151	646	775	1,228	638	683
Income before tax	(296)	(290)	1,324	769	836	1,270	349	513
Net income (loss) for the year	(90)	(1,541)	758	368	545	831	242	174
Assets	23,509	25,264	12,016	12,654	6,422	6,123	24,574	23,010
Liabilities	23,393	25,058	8,980	10,026	2,681	2,115	16,369	15,012
Equity	116	206	3,036	2,628	3,741	4,008	8,205	7,998
Net cash (debt) position	(16,445)	(17,468)	3,444	3,934	(320)	469	(3,612)	(5,907)

ABRUZZOENERGIA S.p.A.		APRICA S.p.A.		PARTENOPE S.p.A.		E.P.C.G.		EDIPOWER S.p.A.	
Euro	130,000,000	Euro	204,698,400	Euro	120,000	Euro	958,666,061	Euro	1,441,300,000
A2A S.p.A.	100.00%	A2A S.p.A.	99.99%	A2A S.p.A.	100.00%	A2A S.p.A.	43.70%	A2A S.p.A. Delmi S.p.A.	20.00% 70.00%
12 31 12	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**
58,477	63,753	228,175	250,503	83,600	82,750	263,242	261,274	1,054,958	1,137,948
33,441	43,595	83,473	118,703	15,729	31,952	16,963	(3,156)	367,231	472,630
17,829	27,392	54,803	85,481	22,090	21,039	(12,827)	(75,594)	156,322	(1,139,916)
11,262	21,100	48,335	85,630	21,904	21,034	(2,593)	(70,399)	94,824	(1,167,621)
5,157	11,254	32,864	57,348	15,313	12,595	(4,658)	(66,548)	48,640	(739,530)
343,866	352,506	411,798	445,516	97,271	61,672	1,084,478	1,048,943	2,731,066	2,917,213
207,789	210,866	141,648	152,796	80,664	47,757	230,013	189,764	1,206,445	1,433,693
136,077	141,640	270,150	292,720	16,607	13,915	854,465	859,179	1,524,621	1,483,520
(204,858)	(190,326)	127,887	139,270	16,795	5,884	22,478	42,481	(760)	(1,030)

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

(pursuant to article 2429 paragraph 4 of the Italian Civil Code)

SUBSIDIARIES	PROARIS S.r.l.		A2A RETI ELETTRICHE S.p.A.		DELMI S.p.A.		A2A RETI GAS S.p.A.	
Share capital:	Euro	1,875,000	Euro	520,000,000	Euro	1,466,868,500	Euro	445,000,000
% held:	A2A S.p.A.	60.00%	A2A S.p.A.	100.00%	A2A S.p.A.	51.00%	A2A S.p.A.	100.00%
Description - *Thousands of euro*	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11** (*)	**12 31 12**	**12 31 11**
Revenues	3,106	1,365	304,100	323,484	61	130	209,923	192,253
Gross operating income -EBITDA	311	86	116,651	143,726	(2,707)	(802)	109,964	97,956
Gross income - EBIT	276	62	29,086	53,046	(2,707)	(802)	62,907	48,130
Income before tax	297	76	16,602	44,186	(7,130)	(674)	63,681	48,743
Net income (loss) for the year	198	47	6,681	38,499	(5,081)	(850,892)	38,510	34,151
Assets	6,845	6,702	1,462,029	1,444,950	1,076,770	940,579	837,953	834,914
Liabilities	886	941	770,805	723,907	146,699	5,428	144,546	148,236
Equity	5,959	5,761	691,224	721,043	930,071	935,151	693,407	686,678
Net cash (debt) position	2,283	2,024	(328,941)	(292,400)	(106,267)	22,649	52,327	54,427

(*) Data reclassified according to IFRS 5

AFFILIATES	ERGOSUD S.p.A.	
Share capital	Euro	81,447,964
% held:	A2A S.p.A.	50.00%
Description - *Thousands of euro*	**12 31 12**	**12 31 11**
Revenues	66,368	141,671
Gross operating income -EBITDA	21,164	37,751
Gross income - EBIT	953	17,655
Income before tax	(5,360)	9,961
Net income (loss) for the year	(3,679)	6,099
Assets	503,473	521,662
Liabilities	339,194	366,405
Equity	164,279	155,257
Net cash (debt) position	n.a.	n.a.

A2A CALORE & SERVIZI S.r.l.		A2A ENERGIA S.p.A.		ECODECO S.r.l.		PLURIGAS S.p.A.		A2A CICLO IDRICO S.p.A.		ASPEM S.p.A.		A2A Logistica S.p.A.	
Euro	150,000,000	Euro	1,000,000	Euro	7,468,560	Euro	800,000	Euro	70,000,000	Euro	173,785	Euro	250,000
A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	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 12	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**	**12 31 12**	**12 31 11**
307,273	285,059	1,965,836	2,070,390	111,643	105,026	1,116,701	1,681,842	69,849	68,919	41,898	41,112	37,139	42,317
71,153	62,196	54,797	57,811	23,197	27,968	30,776	45,713	6,626	6,816	5,420	5,280	344	385
38,611	32,760	23,464	21,905	7,395	12,269	30,712	45,113	(4,405)	(4,096)	4,371	3,624	301	336
34,162	32,277	21,532	20,522	4,113	6,014	31,206	43,307	(6,514)	(5,007)	9,602	5,241	327	463
23,372	19,135	10,403	9,296	1,088	1,995	18,207	25,054	(5,605)	(4,083)	8,586	3,489	200	279
659,857	634,353	682,839	881,687	269,441	277,175	82,450	465,318	296,540	297,168	89,701	85,532	31,082	34,931
308,343	288,111	557,366	757,741	151,666	158,588	21,032	397,111	130,549	125,573	75,108	76,036	13,492	17,291
351,514	346,242	125,473	123,946	117,775	118,587	61,418	68,207	165,991	171,595	14,593	9,496	17,590	17,640
(129,570)	(103,169)	(93,618)	(303,623)	70,738	74,541	48,633	(173,662)	(57,159)	(57,333)	n.a.	n.a.	16,787	17,965

Attestation of financial statements (pursuant to article 154-bis paragraph 5 of Legislative Decree 58/98)

1. The undersigned Graziano Tarantini, in the name and on behalf of the entire Board of Management of A2A S.p.A., and Stefano Micheli, as the Manager in charge of preparing accounting documents of A2A S.p.A. attest the following, taking into account the provisions of art. 154-bis, paras. 3 and 4, of Decree 58 of February 24, 1998:

- Adequacy in relation to the characteristics of the firm and
- the effective application, of the administrative and accounting procedures for the preparation of the financial statements during 2012.

2. We also attest that:

2.1 the financial statements:

a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Community pursuant to EC Regulation 1606/2002 of the European Parliament and Council of July 19, 2002;

b) reflect the books and accounting records;

c) provide a true and fair view of the financial conditions, operating results and cash flows of the issuer;

2.2 the report on operations contains a reliable analysis of trends and results, as well as of the issuer's situation, together with a description of the main risks and uncertainties to which it is exposed.

Milan, March 14, 2013

Graziano Tarantini	Stefano Micheli
(for The Management Board)	(Manager in charge of preparing accounting documents)

0.5
Independent Auditors’ Report

Independent Auditors' Report

AUDITORS' REPORT IN ACCORDANCE WITH 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 2012, 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 management board of A2A SpA is responsible for the preparation of these financial statements in compliance with the 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 members of the management board. We believe that our audit provides a reasonable basis for our opinion.

The separate financial statements show the previous year's figures as comparatives. As stated in the notes to the financial statements, the management board restated certain comparative amounts with respect to the figures previously reported and audited by us, on which we reported on 4 April 2012. We examined the method applied to restate the comparative amounts and the disclosures presented in the notes to the financial statements for the purpose of expressing our opinion on the separate financial statements as of 31 December 2012.

3 In our opinion, the separate financial statements of A2A SpA as of 31 December 2012 comply with the 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.

PricewaterhouseCoopers SpA

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4 The management board of A2A is 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 the report 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 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 separate financial statements of A2A SpA as of 31 December 2012.

Milan, 5 April 2013

PricewaterhouseCoopers SpA

signed by
Marco Sala
(Partner)

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