2015
Interim report on operations
September 30, 2015

a2a

Contents

This is a translation of the Italian original "Resoconto intermedio di gestione al 30 settembre 2015" 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

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Key figures of the A2A Group

Business Units

The A2A Group operates in the production, sale and distribution of gas and electricity, district heating, environmental services and the integrated water cycle.

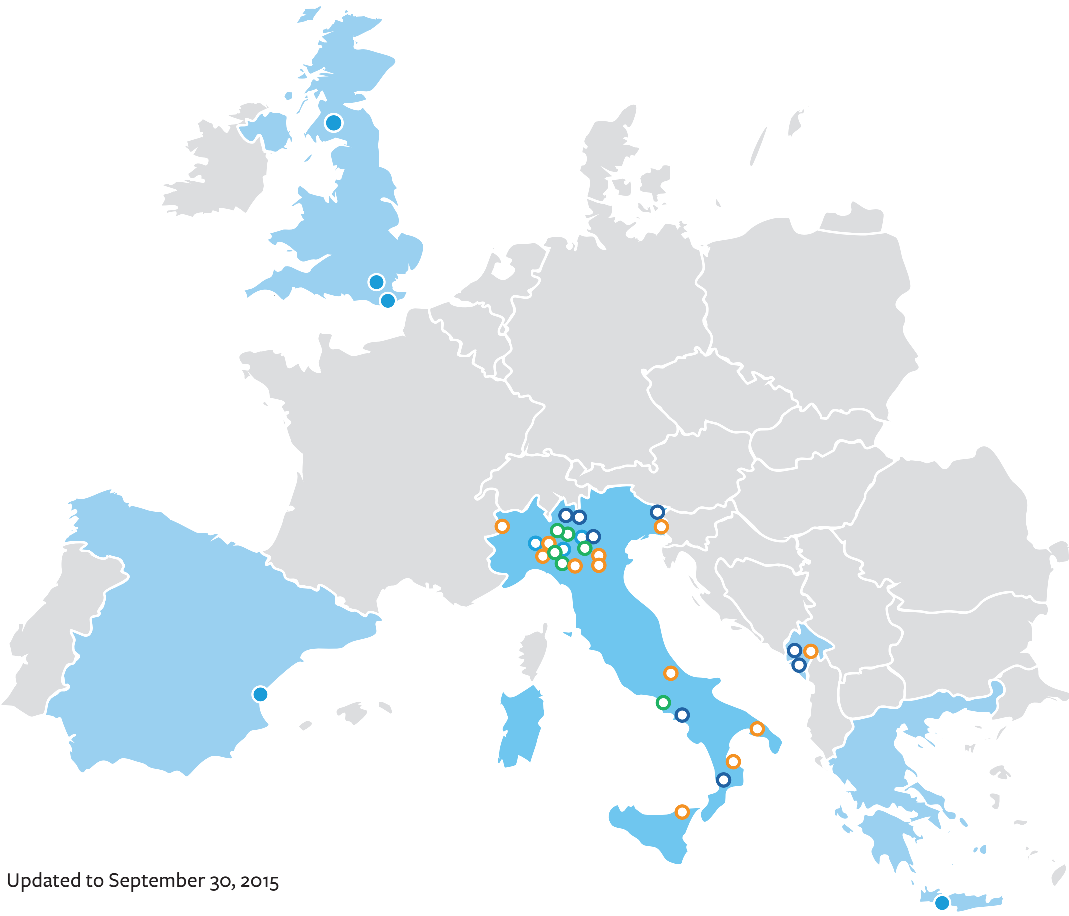
These sectors are in turn attributable to the “Business Units” specified in the following diagram identified as a result of the reorganization carried out by the management:

Business Units of the A2A Group

Generation and Trading	Commercial	Environment	Heat and Services	Networks	EPCG	Other Services and Corporate
Thermoelectric and hydroelectric plants	Sale of Electricity and Gas	Collection and street sweeping	District Heating Services	Electricity networks	Electricity generation and commercial	Other services
Energy Management		Treatment	Heat management services	Gas networks	Electricity networks	Corporate services
		Disposal and energy recovery		Integrated water cycle		
				Public lighting and other services		

This breakdown into Business Units reflects the organization of financial reports regularly analyzed by management and the Board of Directors in order to manage and plan the Group’s business.

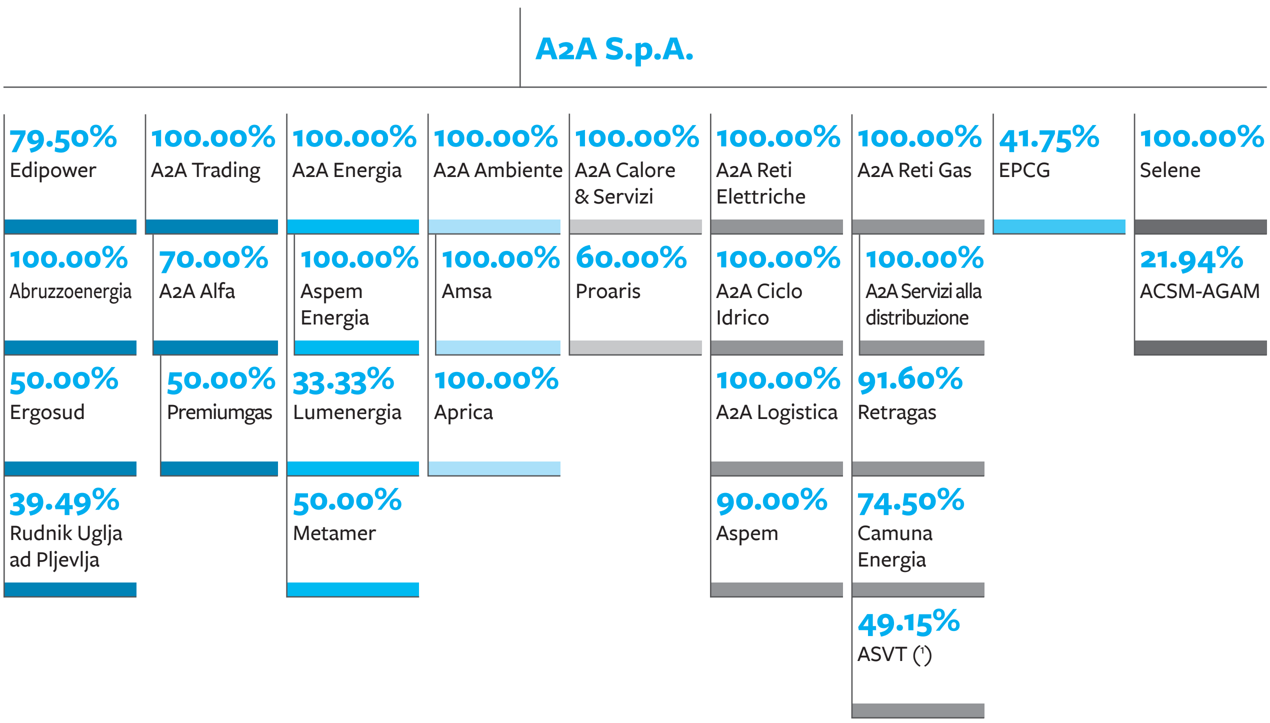
Geographical areas of activity



Updated to September 30, 2015

- Hydroelectric plants
- Thermoelectric plants
- Cogeneration plants
- Waste treatment plants
- Technological partnerships

Group structure



Business Units

- Generation and Trading
- Commercial
- Environment
- Heat and Services
- Networks
- EPCG
- Other companies

(1) Of which 0.38% held through A2A Reti Gas S.p.A..
This chart shows the most significant shareholdings of the A2A Group.
See attachments 1, 2 and 3 for full details of shareholdings.

Financial highlights at September 30, 2015 (**)

Revenues ______ 3,638 millions of euro

Gross operating income ______ 814 millions of euro

Result of the period ______ 237 millions of euro

Income statement figures

Millions of euro

	01 01 2015 09 30 2015	01 01 2014 09 30 2014	3rd quarter 2015	3rd quarter 2014
Revenues	**3,638**	**3,632**	**1,171**	**1,050**
Operating expenses	(2,361)	(2,372)	(770)	(671)
Labour costs	(463)	(477)	(149)	(147)
Gross operating income	**814**	**783**	**252**	**232**
Depreciation, amortization, provisions and write-downs	(360)	(364)	(112)	(115)
Net operating income	**454**	**419**	**140**	**117**
Result from non-recurring transactions	(1)	11	-	11
Financial balance	(107)	(132)	(33)	(36)
Result before taxes	**346**	**298**	**107**	**92**
Income taxes	(97)	(127)	(20)	(26)
Net result from discontinued operations	-	-	-	-
Minorities	(12)	(12)	(2)	(4)
Group result of the period	**237**	**159**	**85**	**62**
Gross operating income/Revenues	**22.4%**	**21.6%**	**21.5%**	**22.1%**

(**) The figures serve as performance indicators as required by CESRN/05/178/B.

Balance sheet figures
Millions of euro

	09 30 2015	12 31 2014
Net capital employed	6,461	6,542
Equity attributable to the Group and minorities	3,323	3,179
Consolidated net financial position	(3,138)	(3,363)
Consolidated net financial position/Equity attributable to the Group and minorities	0.94	1.06
Consolidated net financial position/Average market capitalisation	0.97	1.27

Financial data
Millions of euro

	01 01 2015 09 30 2015	01 01 2014 09 30 2014
Net cash flows from operating activities	536	724
Net cash used in investing activities	(207)	(201)
Free cash flow	329	523

Average market capitalization in 2015 — 3,231 millions of euro

Market capitalization at September 30, 2015 — 3,478 millions of euro

Key figures of A2A S.p.A.

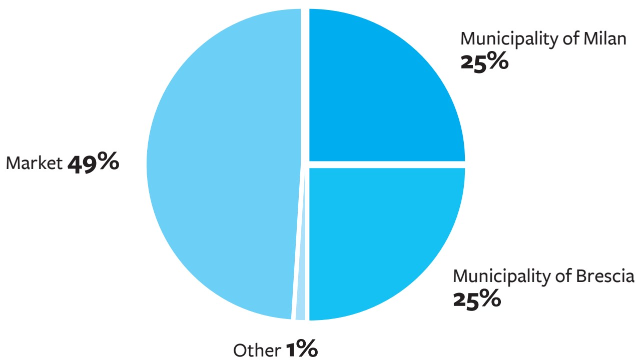
	09 30 2015	12 31 2014
Share capital (euro)	1,629,110,744	1,629,110,744
Number of ordinary shares (par value 0.52 euro)	3,132,905,277	3,132,905,277
Number of treasury shares (par value 0.52 euro)	26,917,609	26,917,609

Key indicators

	09 30 2015	09 30 2014
Average 6-month Euribor	0.075%	0.350%
Average price of Brent crude (US$/bbl)	56.70	107.00
Average exchange rate euro/US$ (*)	1.11	1.36
Average price of Brent crude (euro/bbl)	50.90	78.90
Average price of coal (euro/tonne)	52.30	56.20

(*) Source: Italian Foreign Exchange Office.

Shareholdings (*)



(*) Source CONSOB for Stakes higher than 2% (update at September 30, 2015).

Treasury shares are equal to about 0.9% of the share capital.

A2A S.p.A. on the Stock Exchange

A2A S.p.A. in figures (Italian Stock Exchange)

Market capitalisation at September 30, 2015 (millions of euro)	3,478
Average capitalisation in the first 9 months of 2015 (millions of euro)	3,231
Average volumes in the first 9 months of 2015	17,871,547
Average price in the first 9 months of 2015 (*)	1.031
Maximum price in the first 9 months of 2015 (*)	1.190
Minimum price in the first 9 months of 2015 (*)	0.792
Number of shares	3,132,905,277

(*) euro per share
Source: Bloomberg

A2A stock is also traded on the following platforms: Chi-X, BATS, Turquoise, Equiduct, Sigma-X, Aquis, BOAT OTC, LSE Europe OTC, BATS Chi-X OTC

On June 24, 2015 A2A distributed a dividend equal to 0.0363 euro per share.

Rating

		Current
Standard & Poor's	M/L Term Rating	BBB
	Short Term Rating	A–2
	Outlook	Stable
Moody's	M/L Term Rating	Baa3
	Outlook	Stable

Source: Rating agencies

A2A forms part of the following indices

FTSE MIB
STOXX Europe
EURO STOXX
Wisdom Tree
S&P Developed Ex-US

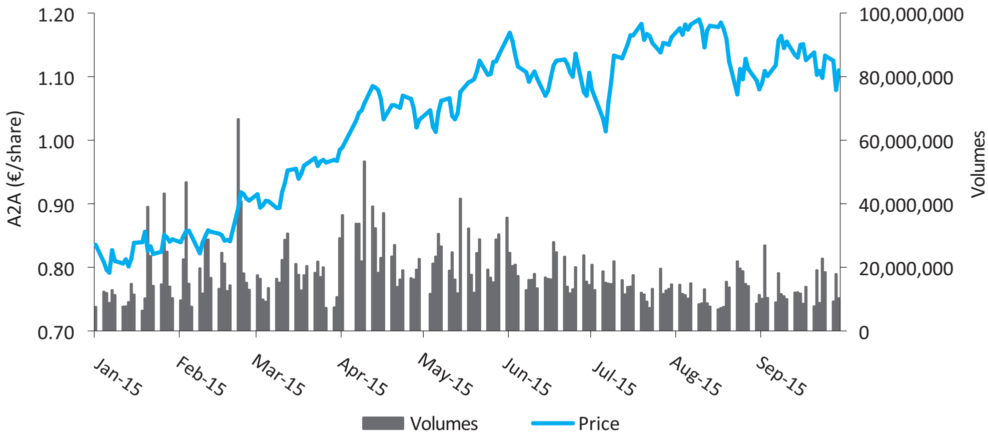
Ethical Indices

ECPI Ethical Index EMU
Axia Sustainable Index
Solactive Climate Change Index
FTSE ECPI Italia SRI Benchmark
Standard Ethics Italian Index

Source: Bloomberg

Moreover, A2A has been included in the Ethibel Excellence Investment Register and in the Ethibel Pioneer Investment Register.

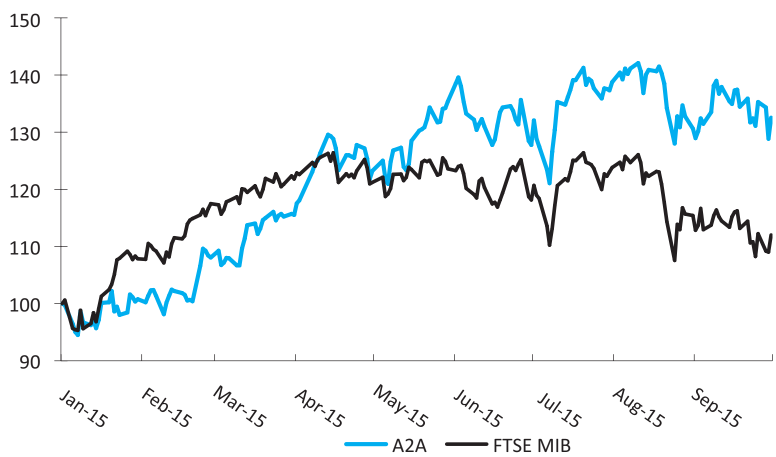
A2A in the first nine months of 2015



A2A vs FTSE MIB

(Price December 30, 2014 = 100)

Historical volatility in the first 9 months of 2015:
A2A: 28.7%
FTSE MIB: 26.0%



Source: Bloomberg

Consolidated results and report on operations

Summary of results, assets and liabilities and financial position

Results

The results of the A2A Group at September 30, 2015 are set out below together with comparative figures for the same period of the previous year:

Millions of euro	01 01 2015 09 30 2015	01 01 2014 09 30 2014	Changes
Revenues	**3,638**	**3,632**	**6**
of which:			
- Revenues from the sale of goods and services	*3,515*	*3,464*	*51*
- Other operating income	*123*	*168*	*(45)*
Operating expenses	(2,361)	(2,372)	11
Labour costs	(463)	(477)	14
Gross operating income (EBITDA)	**814**	**783**	**31**
Depreciation, amortization and write-downs	(297)	(348)	51
Provisions	(63)	(16)	(47)
Net operating income (EBIT)	**454**	**419**	**35**
Result from non-recurring transactions	**(1)**	**11**	**(12)**
Net financial charges	(110)	(139)	29
Affiliates	3	7	(4)
Result from disposal of other shareholdings (AFS)	-	-	-
Result before taxes	**346**	**298**	**48**
Income taxes	(97)	(127)	30
Result after taxes from operating activities	**249**	**171**	**78**
Net result from discontinued operations	-	-	-
Minorities	(12)	(12)	-
Group result of the period	**237**	**159**	**78**

A2A Group "**Revenues**" in the first nine months of 2015 amounted to 3,638 million euro, in line with respect to the first nine months of 2014 (3,632 million euro).

Key quantitative data for the period contributing to the formation of these revenues, with comparative figures for the first nine months of 2014, are as follows:

	09 30 2015	09 30 2014
Electricity sold to wholesale customers (GWh)	8,213	6,254
Electricity sold to retail customers (GWh)	5,288	5,608
Electricity sold on the Power Exchange (GWh)	6,966	9,674
Electricity sold domestic and foreign market (GWh) – EPCG	2,497	2,467
Gas sold to wholesale customers (Mcm)	332	200
Gas sold to retail customers (Mcm)	731	750
Heat sold (GWht)	1,434	1,249
Electricity distributed (GWh)	8,463	8,066
Electricity distributed (GWh) – EPCG	1,637	1,506
Gas distributed (Mcm)	1,198	1,139
Water distributed (Mcm)	46	45
Water purified (Mcm)	26	26
Waste disposed of (Kton)	1,934	1,965

Production Details	09 30 2015	09 30 2014
Thermoelectric production (GWh)	6,128	3,841
Thermoelectric production (GWh) – EPCG	1,033	983
Hydroelectric production (GWh)	3,570	4,765
Hydroelectric production (GWh) – EPCG	1,130	1,160
Heat production (GWht)	1,487	1,305
Electricity produced by cogeneration (GWh)	150	157

"**Gross operating margin**" equalled 814 million euro, an increase by 31 million euro compared to the first nine months of the previous year.

The following table shows the composition by Business Unit:

Millions of euro	09 30 2015	09 30 2014	Delta	Delta %
Generation and Trading	291	287	4	1.4%
Commercial	78	63	15	23.8%
Environment	161	165	(4)	(2.4%)
Heat and Services	40	34	6	17.6%
Networks	213	208	5	2.4%
EPCG	43	42	1	2.4%
Other Services and Corporate	(12)	(16)	4	n.s.
Total	**814**	**783**	**31**	**4.0%**

The gross operating margin of the Generation and Trading Business Unit amounted to 291 million euro, essentially in line with the first nine months of 2014 (287 million euro at September 30, 2014). Compared to the previous year, the 2015 result benefited, nevertheless, from lower mobility charges for around 12 million euro, while it was affected, for around 42 million euro, by the non-recurrent positive elements of income recorded, mainly, in the first nine months of 2014, of which 8 million euro intercompany.

Net of these effects, the gross operating margin of the Generation and Trading Business Unit was up by around 34 million euro: the excellent performance recorded in the thermoelectric sector, due to the effect of an improvement of the spreads on gas and coal and the greater quantities from combined gas cycles traded on the secondary markets (even following the high temperatures recorded in the third quarter of 2015), greater sales of environmental certificates, as well as the savings deriving from the plan to improve operational efficiency, more than offset the reduction of the margin in the hydroelectric sector due to the exceptional hydraulicity recorded in 2014 (over 61 million euro less).

The gross operating margin of the Commercial Business Unit amounted to 78 million euro, up by 15 million euro compared to the same period of the previous year.

The 2014 result however included negative non-recurrent elements of income for an amount equal to 7 million euro (attributable to the above mentioned intercompany items), while the period in question, on the contrary, recorded non-recurrent positive elements of income equal to 6 million euro. Net of these items, the gross operating margin of the Business Unit recorded an increase of 2 million euro (+2.8%) essentially due to the increase of the unit margins on the electricity free market, despite the greater imbalance costs resulting from the high temperatures recorded in the summer period.

The gross operating income of the Environment Business Unit equalled 161 million euro (165 million euro at September 30, 2014).

Net of non-recurring items for 5 million euro, the gross operating margin recorded a drop amounting to 9 million euro, essentially due to the lower revenues from the sale of electricity from the waste-to-energy plant in Acerra (following the reduction of the CIP 6 payment caused by the drop in prices of the reference fuels) and the Group's other waste-to-energy plants (due to the drop in electricity prices).

The reduction was partially offset by the increased margin in the collection sector, mainly due to the greater services offered for EXPO 2015 and to the Municipality of Como.

The gross operating margin of the Heat and Services Business Unit, amounting to 40 million euro, was up by 6 million euro compared to the first nine months of 2014: the increase, resulting from more favourable climatic conditions compared to the same period of the previous year as well as the continued and effective commercial development action (in particular in the city of Milan), was partially offset by the lower results achieved on the environmental certificates markets.

The gross operating margin of the Networks Business Unit amounted to 213 million euro, up by 5 million euro compared to the same period of the previous year.

The 2014 result, however, included, in the electricity distribution sector, non-recurrent items of income for around 12 million euro, relative to the higher revenues recognized for the years 2012 and 2013 by AEEGSI with Resolution 258/14/R/eel.

Net of these items, the gross operating margin of the Networks Business Unit was up by 16 million euro. This performance can essentially be attributed to the public lighting sector following the start, in July 2014, of the project to replace the lighting equipment with new low energy consumption led lamps in the Municipality of Milan and the integrated water service, following the tariff increase allowed by AEEGSI.

Whereas the gross operating margin of the EPCG Business Unit was essentially in line with the previous year.

The "**Amortisation and depreciation, provisions and write-downs**" amounted to a total of 360 million euro (364 million euro at September 30, 2014) and include amortisation and depreciation of the intangible and tangible assets for 297 million euro (348 million euro at September 30, 2014) and net provisions for 63 million euro (16 million euro at September 30, 2014).

The "Amortisation and depreciation and write-downs" recorded a decrease of 51 million euro mainly deriving from lower depreciations of the tangible assets following the write-downs performed at the end of the previous year, for 29 million euro, as well as from the review of the remaining useful life of the thermoelectric plants for 16 million euro.

The "Provisions for risks" amounted to 51 million euro (2 million euro at September 30, 2014) and refer to the provisions for the period made with regard to ongoing litigation, as well as pending lawsuits. The provisions for the period in question were primarily affected by the provision relating to the dispute linked to the district heating project for the city of Novara. The "Provision for bad and doubtful debt" showed a value of 12 million euro (14 million euro at September 30, 2014).

Due to the effect of the dynamics explained above, the "**Net operating income (EBIT)**" amounted to 454 million euro, up by 35 million euro compared to the corresponding period of the previous year (419 million euro at September 30, 2014).

"**Net financial charges**" equalled 110 million euro (139 million euro at September 30, 2014). The reduction compared to the corresponding period of the previous year, equal to 29 million euro, can be attributed mainly to lower net payable financial charges on the debt for 16 million euro linked to the decrease in the average debt and the effects of the financial strategy implemented by the Group, as well as lower discount charges for 6 million euro as a result of an increase in the interest rates. There was also an improvement in the performance of the variation in financial derivatives contracts, positive for 7 million euro.

"**Affiliates**" were positive for 3 million euro (positive for 7 million euro at September 30, 2014), which can mainly be attributed to the valuation, according to the equity method, of the shareholding in ACSM-AGAM S.p.A..

The corresponding period of the previous year benefited from the results of the associated company Dolomiti Energia S.p.A., positive for 5 million euro.

"**Income taxes**" in the period in question equalled 97 million euro (127 million euro at September 30, 2014).

As a reminder, following Ruling 10/2015 of the Constitutional Court, which declared the additional IRES of 6.50% (so called "Robin Hood Tax") to be unconstitutional, with effect from February 12, 2015, these financial statements do not present any effect relative to that tax, as the deferred taxes allocated to the temporary differences generated in previous years were entirely reversed in the year 2014. The Interim Report on Operations at September 30, 2014, on the other hand, implemented the effects of the additional tax.

It should also be noted that, following the provisions of art. 1, subsection 20, of Law no. 190 of December 23, 2014 ("2015 Stability Law"), the entire labour cost relative to employees with permanent contracts shall be deducted from the IRAP for the current tax period with the resulting benefits, compared to the previous year, on current taxes as well as deferred tax assets recorded against the employee benefits fund. Again referring to IRAP, taxes for previous years and those for the period incorporate the new calculation criteria, based on the application of article 6, subsection 9, of Legislative Decree no. 446 of December 15, 1997, (so called "industrial holdings" method), introduced following positive confirmation from the Revenue Agency of the specific consult request submitted by A2A.

The "**Group's result for the period**", after the "Minorities" were deducted, came to 237 million euro (159 million euro at September 30, 2014).

Balance sheet and financial position

The consolidated "**Net employed capital**" at September 30, 2015 came to 6,461 million euro and was covered by the Net Equity for 3,323 million euro and the Net Financial Debt for 3,138 million euro.

The "**Net working capital**" amounted to 406 million euro, up by 58 million euro compared to December 31, 2014 mainly following the reduction of the trade payables and other current liabilities, partially offset by the reduction of the trade receivables and gas inventories existing at December 31, 2014.

The "**Net fixed assets**" amounted to 6,148 million euro, a reduction of 46 million euro compared to December 31, 2014 mainly due to the amortisation and depreciation pertaining to the period.

The "**Net financial position**", equal to 3,138 million euro, improved by 225 million euro compared to December 31, 2014 following the positive generation of cash flow attributable to the operations, partially offset by the resources absorbed by the investments in tangible and intangible assets and in shareholdings for 208 million euro and by dividends paid for 113 million euro.

Millions of euro	09 30 2015	12 31 2014	Changes
CAPITAL EMPLOYED			
Net fixed capital	**6,148**	**6,194**	**(46)**
- Tangible assets	5,364	5,625	(261)
- Intangible assets	1,312	1,318	(6)
- Shareholdings and other non-current financial assets (*)	82	82	-
- Other non-current assets/liabilities (*)	(61)	(287)	226
- Deferred tax assets/liabilities	315	323	(8)
- Provisions for risks, charges and liabilities for landfills	(532)	(498)	(34)
- Employee benefits	(332)	(369)	37
of which with counter-entry to equity	*(137)*	*(383)*	
Working capital	**406**	**348**	**58**
- Inventories	236	284	(48)
- Trade receivables and other current assets (*)	1,680	1,846	(166)
- Trade payables and other current liabilities (*)	(1,533)	(1,865)	332
- Current tax assets/tax liabilities	23	83	(60)
of which with counter-entry to equity	*(40)*	*(28)*	
Assets/liabilities held for sale (*)	**(93)**	**-**	**(93)**
of which with counter-entry to equity	*(235)*	-	
TOTAL CAPITAL EMPLOYED	**6,461**	**6,542**	**(81)**
SOURCES OF FUNDS			
Equity	**3,323**	**3,179**	**144**
Total financial position beyond one year	3,732	3,908	(176)
Total financial position within one year	(594)	(545)	(49)
Total net financial position	**3,138**	**3,363**	**(225)**
of which with counter-entry to equity	*37*	*51*	
TOTAL SOURCES	**6,461**	**6,542**	**(81)**

(*) Excluding balances included in the net financial position.

Millions of euro	01 01 2015 09 30 2015	01 01 2014 09 30 2014
NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD	**(3,363)**	**(3,874)**
Net result (**)	249	159
Depreciation and amortization	297	346
Write-downs/disposals of tangible and intangible assets	3	5
Affiliates	(3)	(7)
Net taxes paid	(14)	(57)
Change in assets and liabilities (*)	4	278
Net cash flows from operating activities	**536**	**724**
Investments in tangible and intangible assets	(206)	(205)
Investments in shareholdings and securities	(2)	-
Dividends received from shareholdings	1	4
Cash flow from investment activities	**(207)**	**(201)**
Free cash flow	**329**	**523**
Dividends paid by the parent company	(113)	(102)
Dividends paid by the subsidiaries	(5)	(4)
Cash flow from the distribution of dividends	**(118)**	**(106)**
Changes in financial assets/liabilities with counter-entry to equity	14	(9)
NET FINANCIAL POSITION AT THE END OF THE PERIOD	**(3,138)**	**(3,466)**

(*) Excluding balances with counter-entry to equity.
(**) The net result is stated excluding gains on the disposal of shareholdings.

Significant events during the period

A2A S.p.A. and the Repower Group sign agreement for electric mobility

On January 13, 2015 A2A S.p.A. and the Repower Group, one of the leading Swiss providers in the management of renewable resources, concluded an agreement to make available to a larger number of users the charging infrastructure for electric vehicles. Thanks to this new partnership, Repower customers have been provided with a card with which they can access, until December 2015, the service offered by the charging points of the A2A Group. It is a real advantage that simplifies the use of electric vehicles.

This agreement stems from the interest of electric mobility, thanks to the common intention to actively support this new sector, relaunching it with new services.

The public infrastructure for charging of electric cars realized in Brescia and Milan, with a total of 50 columns for 100 charging points, is now fully operational and, since July 2013, has allowed fast charging up to 22 kW in three-phase, allowing the latest generation cars to recharge to 80% in about 50 minutes. In parallel, the installation of private charging points is ongoing for car-sharing companies and owners of electric vehicles for the benefit of urban air quality.

A2A Ciclo Idrico S.p.A.: excellent results on water quality in Brescia

Thanks to the actions undertaken by A2A Ciclo Idrico S.p.A. in 2014, the quality of drinking water in Brescia improved further.

In December 2014, the value of hexavalent chromium, recorded in 75% of the water supplied to the city aqueduct, was less than 2 micrograms/litre, concentration below the detection limit of the analytical methods currently used.

An amount of 100% of the water has a value of less than 3 micrograms/litre, which is far below the best global regulatory standards.

It is worth remembering that a current limit of 50 micrograms/litre is set by legislation for total chromium (consisting of trivalent chromium and hexavalent chromium), a level also confirmed in the latest edition of the Guidelines for Drinking-water Quality issued by the World Health Organization. The plants realized allow the transformation of hexavalent chromium (soluble in water) into trivalent chromium (insoluble in water), through the addition of ferrous sulphate ($FeSO4$). The trivalent chromium is then removed by filtering the water through a bed of activated carbon.

A2A Ciclo Idrico S.p.A. started installation of the system for reducing hexavalent chromium in wells that had a greater presence (Sereno 2, San Donino, Grazzine and San Bartolomeo).

The A2A Group will incur expenditure of more than 4 million euro over a two-year period in order to achieve an improvement in the quality of the water distributed in the city of Brescia.

The Brescia aqueduct, managed by A2A Ciclo Idrico S.p.A., is subject to rigorous controls based on a protocol of analyses agreed with the local health authority. This protocol requires water samples to be taken on a monthly basis both from the control points (26 situated throughout the city), which are representative of the distribution network, and from the treatment plants; for the sources of procurement controls are annual or with lower frequency, depending on the quality of the untreated water sampled.

In addition to the above controls, since April 2014, the concentration of hexavalent chromium and total chromium has been measured weekly at all 26 control points of the network and the results are regularly published on the website of A2A Ciclo Idrico S.p.A..

In 2014, in the city of Brescia alone, A2A Ciclo Idrico S.p.A. carried out 4,600 tests (3,968 to check chemical and physical parameters and 632 to check microbiological parameters) and analyzed a total of 50,430 chemical, physical and microbiological parameters. These analyses confirmed that the water distributed from the civic aqueduct complies fully with Legislative Decree no. 31/01.

Each year a copy of all the analyses is sent to the local health authority which carries out its own sampling and analyses as a means of ensuring the utmost independence and efficiency of the checks with respect to the operator.

Brescia with LED: new public lighting project

By 2016, all the light point in Brescia, about 43 thousand, will use LED fixtures thanks to a substitution plan planned by the Municipality of Brescia and realized by the A2A Group.

An innovative choice that will ensure equal efficiency and equal light output, a savings of 39% of consumption and 8 million euro in 10 years on the “bill” of the Municipality of Brescia.

A 39% reduction of electricity actually means saving every year more than 1,300 TOE (tonnes of oil equivalent), equivalent to the annual consumption of about 1,500 cars, and avoiding the emission into the atmosphere of 2,700 tons of CO_2.

As a result of this new lighting annual consumption per head will be almost halved, falling from the present 92 kWh to 56 kWh.

Taken overall, there will be a reduction from over 18 million kWh a year – a quantity of energy sufficient to satisfy the energy needs of 8,200 apartments – to 11 million kWh, corresponding to the theoretical consumption of 5,000 apartments.

The A2A Group will incur expenditure of 12 million euro for replacing all of the city's lighting bodies.

The decision taken in favour of LED will mean an improvement in terms of efficiency and safety. The new lighting bodies will guarantee lighting performance equal to that of the traditional light bulbs used until now (100 lumens per watt). However, the light beam will be better pointed and the lamps will have a much longer lifecycle (up to 5 times that of traditional lamps); in terms of service quality and safety, this will mean fewer broken lamps on the city streets.

At least 2,500 fewer lights will be burnt each year. And with the new remote control technology adopted, information on the condition of the systems or any malfunctioning will be available in real time, enabling action to be taken far more quickly.

Even at the end of life, the LEDs represent an environmental advantage thanks to the total absence of mercury and other pollutants.

The higher efficiency of LED lighting will also have the effect of reducing light pollution, thanks to the concentration of lighting toward sidewalks and roads and the absence of emission of light intensity upwards.

The reduction in expenses is also guaranteed by the significant energy savings and reduced maintenance and replacement costs of the LEDs, which stand out for their durability, resistance to vibration and unfavourable atmospheric conditions.

A2A has created "ILLUMINIamo", a new app to inform citizens on the progress of the project, with a counter that allows users to know the number and percentage of light bulbs already replaced. Thanks to ILLUMINIamo, citizens can report directly to A2A - also by means of automatic detection of their device - the presence of street lights turned off or unlit streets.

A2A Energia S.p.A. has planned several initiatives to spread the values of the project and promote the use of LED lighting in homes as well.

Events have also been planned for the neighbourhoods of Brescia, as soon as the replacement of the light bulbs with the new LED equipment will have been completed in each area of the city.

At September 30, 2015, the transformation to LED of public lighting reached 20%.

A2A Ambiente S.p.A.: agreement signed with Apindustria Brescia for integrated waste management of companies

On January 30, 2015, A2A Ambiente S.p.A. and Apindustria Brescia signed an agreement for the integrated management of waste from associated companies.

The agreement represents a real opportunity for associated companies that can thus take advantage of the favourable and simplified service conditions through A2A Ambiente S.p.A.; the latter acts as a single interface that ensures prompt qualified service to handle any issue relating to waste management and the resulting regulatory requirements, with particular attention to the activities of final treatment realized with high standards of quality and safety at plants mostly owned by the A2A Group, or accredited by it, authorized and certified by the most authoritative national Entities.

The collection and treatment of industrial waste, in fact, is a complex activity, regulated by a multitude of standards, which requires expertise and constant updating.

By partnering with A2A Ambiente S.p.A., a leading Italian company in the environmental sector, companies in Brescia may also benefit from a direct relation with the final operator, avoiding the need for intermediaries. This will facilitate the transparency of the whole process of waste tracking, with a precise identification of the responsibilities of the players involved.

The agreement is aimed at more than 1,000 potentially interested companies, with an estimated production of 10,000 tons of industrial waste per year.

Under the agreement, in the next few months Apindustria Brescia will manage the dissemination and promotion of the contents of the agreement as well as any update meetings dedicated to associated companies. A2A Ambiente S.p.A. will deal with the activities of customer contact reported by Apindustria Brescia, the formulation of the offers, the conclusion of contracts, the organization and management of logistics for waste collection and transportation and the transfer to the treatment or recovery plants.

A2A S.p.A.: bond issue for 300 million euro successfully completed

On February 18, 2015, A2A S.p.A. issued a 10-year bond for 300 million euro as part of its Euro Medium Term Notes program. The renewal and increase to a total of 4 billion euro was approved by the Board of Directors on November 6, 2014.

The issue, aimed at institutional investors, recorded orders corresponding to twelve times the amount offered. The bonds have an annual coupon of 1.75%, which is at the minimum levels for the A2A Group, and were placed at an issue price of 99.221%, with a spread of 110 basis points compared to the midswap reference rate. The bonds are governed by English law and admission to trading on the regulated market of the Luxembourg Stock Exchange was requested on February 25, 2015, subject to the signing of the relevant contract documents. The bond securities will be assigned a rating by Moody's and Standard&Poor's.

The issue, intended for the reimbursement of a portion of existing debt, will allow reducing the average rate of the debt of the A2A Group and, in line with the financial strategy, extending the average maturity of debt and optimizing the timing of maturities.

As previously announced, the A2A Group has also launched an offer for the partial repurchase of bonds maturing in 2016, whose outstanding nominal amount is 762 million euro. The conditions for repurchase are described in the Tender Offer Memorandum dated February 18, 2015.

The placement was handled by Banca IMI, Barclays, BNP Paribas and UniCredit as Joint Bookrunners. The Tender Offer is handled by Barclays and BNP Paribas.

Survey Databank-Cerved: A2A Energia S.p.A. even before customer satisfaction

For the third consecutive year, the Cerved Energy Observatory Databank confirmed A2A Energia S.p.A., a company active in the sale of electricity and natural gas of the A2A Group, as the leading market operator in terms of customer satisfaction. The survey conducted by the Cerved Databank Area, now in its seventh edition and which was conducted between September and December 2014, concerned 8,200 customers submitted to a structured questionnaire by phone, allowing the "clear" comparison of the performances of the main market operators (including Eni, Enel, A2A, Hera, Iren, Acea, Edison) with reference to certain factors of quality of commercial service, such as:

- the variety of channels made available to be able to easily communicate with the company;
- the ability to choose solutions and tariffs that meet the needs of each customer;
- the ability to solve problems and requests of customers in the shortest possible time;

- the quality/price ratio of the service;
- the clarity and simplicity of reading bills, the regularity of their issue and the correctness of the amounts indicated;
- the period of time between the sending of the bill and the payment term.

The overall level of satisfaction reported by customers of A2A Energia S.p.A., in particular on the segment of domestic customers, is the highest among the main players operating in the national energy market.

Carlo Tassara: lawsuit for damages against EDF and A2A S.p.A. on the reorganization of Edison

On March 24, 2015, Carlo Tassara S.p.A. filed a lawsuit in civil court against A2A and the French giant EDF for "very heavy damages to the value of its shareholding in Edison", in the reorganization of the energy group dating back to 2012.

For further details of the lawsuit, refer to the specific paragraph in "Other information".

A2A Ciclo Idrico S.p.A.: project started for the rationalization of the integrated water service

On March 26, 2015, A2A Ciclo Idrico S.p.A., Acque Ovest Bresciano Due S.r.l., Garda Uno S.p.A., Azienda Servizi Valtrompia S.p.A., Servizi Idrici Valle Camonica S.r.l., Gandovere Depurazione S.r.l. and the Province of Brescia signed a letter of intent which provides for the possibility of starting a project for the rationalization and efficiency of the integrated water service within the ATO (Optimal Territorial Area) of Brescia through aggregation of management currently entrusted to the Parties in a single company.

Through the operation, the companies together with the Province and in line with recent government guidelines and with the development of the local public services sector, in the presence of the necessary conditions, aim to create an operator that, thanks to an appropriate scale and unified management on the reference territories, can:

- make the service more efficient;
- improve the quality of services to users;
- attract significant new financial resources, either as financing or as equity;
- accelerate the investment needed to adapt and enhance infrastructures;
- have significant effects on the territory in terms of development of industries related to the new investments;
- improve the environmental impacts (optimization of water resources and less pollution).

In the coming weeks, the companies and the Province of Brescia will discuss the terms of the aggregation project by defining, in particular, a joint business plan and a suitable corporate path.

Following the definition of these elements, the possibility may be verified of a further expansion of the shareholder base to other entities and financial investors that can contribute to the acceleration of investments in the territory.

Municipalities of Milano and Brescia: sale of shareholding of A2A S.p.A.

It shall be noted that in the first two months of 2015 the Municipalities of Milan and Brescia sold a shareholding of 4.5% of A2A S.p.A..

This transaction was realized to integrate the sale of a block of shares of A2A S.p.A. of 0.51% in December 2014.

At the date of approval of the financial statements at December 31, 2014, the two shareholders hold a shareholding of 50% plus two shares that will enable the two municipalities to maintain control over the company.

Acerra waste-to-energy plant: regional environmental observatory established

The Regional Council of Campania established the environmental observatory of the Acerra waste-to-energy plant. The regional environmental observatory of the Acerra waste-to-energy plant is an independent interface body between citizens (represented also through their associations), institutions and the plant manager that has the task of permanently overseeing the correct operation of the waste-to-energy plant.

The observatory acquires analyses and summaries of technical and scientific data concerning the characteristics and operation of the plant and the results of the monitoring of emissions of the waste-to-energy plant provided by the management company and control entities, the modelling study of pollutant fallout on the territories surrounding the plant prepared by a third party identified in conjunction with the Campania region and the Municipality of Acerra, the report on the quality of soil and groundwater, and proposes technical solutions aimed at the further reduction of pollutants.

The observatory is composed as follows: representative of the department of health and natural resources as Chairman; representative of the Directorate General for health Protection and the coordination of the regional health system; representative of the

Directorate General for the environment and the ecosystem; representative of the Directorate General for agriculture, food and forestry policies; representative of the metropolitan city of Naples; mayor of the municipality of Acerra or deputy; mayor of the Municipality of San Felice a Cancello or deputy; representative of ASL (local health authority) Naples 2 North; representative of ARPAC (Regional Agency for Environmental Protection) provincial district of Naples; representatives of maximum two main environmental associations identified by the Municipality of Acerra and San Felice a Cancello; epidemiologist appointed by the University of Naples Federico II; industrial chemical engineer appointed by the University of Naples Federico II.

A2A S.p.A.: 2015-2019 Strategic Plan approved

On April 9, 2015, the Board of Directors of A2A S.p.A. examined and approved the Group's 2015-2019 Strategic Plan. It is the first strategic plan prepared by the new governance of the company, led by Chairman Giovanni Valotti and the CEO Luca Valerio Camerano, both appointed in June of the previous year.

The main objective of the Plan is to relaunch and redesign the A2A Group, initiating a process of strategic repositioning that in 2020, will result in more modern multi-utility, leader in the environment, smart grids and new energy models, more balanced and profitable, able to seize the opportunities that will open up in the Green Economy and Smart Cities.

The main development lines of the Plan can be divided into three main areas, characterized by different missions:
1. Restructuring and reduction of exposure in the thermoelectric sector;
2. Relaunch of investments in key areas of the environment, networks and free energy market;
3. Redesign of the mission of the A2A Group to seize the opportunities of the future.

With reference to the first area of action, the current context of the thermoelectric sector imposes effective decisions and actions. The Group will start an articulated path to for exposure reduction and simultaneous modernization of its thermoelectric generation. In particular, the following are expected: decrease of thermoelectric capacity by 40%, significant reduction in operating costs (about 21 million euro per year), the reconversion of obsolete plants and about 35 million euro of investments in the flexibility of the existing Combined Cycles in order to play a leading role in the new electricity market. The restructuring activities of traditional generation are expected to contribute to the creation of about 148 million euro of incremental gross operating income by 2019.

In terms of investment, it was planned to relaunch the same (1.4 billion euro out of a total of 2.1 billion euro of Group investments) with the aim of strengthening its leadership in sectors characterized by excellent development prospects and profitability growth. In particular:

- in the environmental sector, it is planned to strengthen the presence in the treatment of the residual fraction sector downstream of differentiated collection - about 1 million tonnes - both through organic growth and through targeted acquisitions, and a renewed commitment to engineering and EPC, in Italy and abroad. Even waste collection will record an increase in residents served by 2019 of 20% compared to 2014. The relaunch of the environment will contribute to an increase in gross operating income of approximately 54 million euro;
- in the natural gas distribution sector, investments are planned to consolidate and strengthen the Group's presence in areas covered as a result of participation in tenders being finalized for the entrustment of services (+13% of gas delivery points at the end of the plan compared to 2014 and an additional 19 million euro);
- district heating will be further developed, generating an increase of 18% by 2019 of volumes distributed and around 28 million euro in gross operating income compared to 2014, through the optimization of the existing network, the enhancement of the most competitive heat sources and exploitation of the consolidated presence the A2A Group in the major urban centres of Lombardy, many of which still characterized by low levels of penetration;
- the retail sector of the energy business will be characterized by an important expansion phase, in continuity of the strategic lines already outlined, with significant investments to strengthen sales channels to triple customers served both in the gas and electricity markets in the period 2015-2019. The contribution to the growth of the gross operating income is approximately 53 million euro;
- also EPCG income, Montenegrin subsidiary of the Group, shows an increase over the time frame of the Plan (approximately +60 million euro by 2019) determined by increased production and operational efficiency and tariff developments as of 2016.

The third area of action is aimed, through gradual and scalable investments, at laying the foundations to allow the A2A Group to seize the growing options arising from the Smart Cities and the Green Economy. It is expected to initiate the activities necessary to successfully face the paradigm shift of the electricity system, laying the foundations for the creation of new industrial solutions, developed from projects that are already operationally in progress (ex. LED project in the Municipalities of Milan and Brescia and energy efficiency business line), to achieve increasingly innovative services also in energy conservation, energy community and smart grids. The contribution to the overall growth of the gross operating income of these activities is approximately 33 million euro.

The achievement of these objectives will be pursued in accordance with and through three additional guidelines.

Operational discipline and in the capital structure, divided according to the following guidelines:

- implementation of an effective organization, oriented to achieving results, with dedicated Business Units, efficient staff, simplified governance and greater delegation to management;
- operational efficiency: in addition to continuing with the process of identification and implementation of operational efficiency initiatives (savings of around 130 million euro of operating costs expected over the plan), an ambitious project ("En&A") has been initiated (not yet valued in the figures of the plan) to review the Group's Corporate and Business processes with a view to continuous improvement. The objective of the project is to increase the efficiency and effectiveness of business processes, at the same time improving flexibility and ensuring accurate operational monitoring;
- policy of growing dividends in line with the development plan, however compatible with the strengthening of the Group's financial and equity solidity. The Strategic Plan provides for the confirmation for the years 2015 and 2016 (DPS of around 3.6 euro cents) of the 2014 dividend, which in turn increased by 10% compared to 2013. Significant growth is expected in the following years of the plan in line with the development of the industrial results and with the simultaneous strengthening of financial solvency indexes in order to maintain a debt risk profile that is consistent with a solid "Investment Grade" rating;
- dialogue aimed at the valorisation of employees and the quality of life in the territories. In this context, in order to develop active participation and merit, several major projects have been launched, including the Gulliver Project, dedicated to the rotation of skills and work experience within the company, the Futura2a Project, aimed at the development of young talents, their retention and the development of innovation;
- transversal project management with the use of PMO chosen among the young employees of the Group;
- launch of territorial Sustainability Reports accompanied by precise commitments undertaken at stakeholder forums;
- initiatives to improve the quality of reporting of the company's projects, activities and results;
- technological digitization and transformation: 8 projects for the digital and technological transformation of the A2A Group, through a broader and more modern use of digital channels and a new positioning of the company's brand, with the aim of acquiring new customers, developing cross-selling, expanding the offer of services and preserving the level of service quality, currently at the top of the sector.

A2A S.p.A.: resignation and subsequent appointment of a Director

On March 27, 2015, Independent Director Mario Cocchi resigned from the office of Director and consequently also Vice Chairman of the Audit and Risks Committee.

On April 9, 2015, the Board of Directors appointed, in accordance with articles 18 of the current By-Laws and 2386 Civil Code, Giambattista Brivio as non-executive Director of the company in replacement of Mario Cocchi. The new Director will remain in office until the next Shareholders' Meeting.

A2A Reti Gas S.p.A.: compliance with the requirements of Resolution 651/2014/R/gas

In compliance with the obligations introduced by Resolution 651/2014/R/gas "Provisions concerning the commissioning obligations of gas smart meters" introduced in December 2014, between 2015 and 2019, A2A Reti Gas S.p.A. will replace approximately 120,000 meters with new electronic standard ones.

For this purpose, A2A Reti Gas S.p.A. has adopted its own organizational model with a specific project team dedicated full time to the development and implementation of all necessary activities.

In 2015, the actions will take place in two phases, and in particular:

- until October 2015, 75,000 meters will be replaced and 10,000 meters will be experimented in radio frequency in specific areas of Milan and Brescia;
- from October to December 2015, there will be the second phase that will involve the replacement of the remaining amount needed to reach the target set by the resolution.

This project is part of the vast program, defined and regulated by the European Union to achieve the minimum objectives in terms of environmental sustainability, security, energy balance and, above all, to make end users aware of their energy use.

The increased flexibility in the technologies used will offer concrete advantages and benefits and in the future, will allow faster achievement of ad hoc tariffs by range or customized for customers, with the possibility of introducing innovative systems (such as home automation).

A2A S.p.A.: resignation of a Director

On April 29, 2015, the Independent Director Stefano Cao resigned from the Board of Directors, following further work assignments that do not allow him to ensure the commitment and concrete operational presence required by the role.

Consequently, Mr. Cao also resigned from the office of member of the Remuneration and Appointments Committee.

The Board of Directors, taking into account the imminent Shareholders' Meeting deadline, decided not to co-opt any member of the Board until the date of the Shareholders' Meeting, including the appointment on the agenda.

A2A S.p.A.: inaugurated in Varese first solar plant for district heating

On May 19, 2015, A2A S.p.A. inaugurated in Varese the first solar thermal power plant for district heating in southern Europe. The plant will produce 450 megawatts/hour of energy per year from completely renewable source, equivalent to the needs of domestic hot water of 150 apartments, saving 43 tons of oil equivalent and avoiding the release into the environment of 108 tons of CO_2 a year.

The solar district heating technology is widespread and well established in Denmark, with some examples in Sweden, Germany and Austria as well. The plant in Varese will allow providing heat through the city's district heating network. The Varese project is particularly significant for A2A because, along with other projects such as LED street lighting in Brescia, Milan and other cities in Lombardy, or pilot projects on smart grids, it is part of the beginning of the path envisaged by the new business plan.

A2A S.p.A.: Shareholders' Meeting

The Shareholders' Meeting of A2A S.p.A., held in Brescia on June 11, 2015:

- approved the appointment as directors of the company Giambattista Brivio and Maria Elena Costanza Bruna Cappello, who will hold office until the expiry of the current Board of Directors, i.e. until the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2016;
- approved the financial statements of the company for year 2014, together with the proposal of the Board of Directors for the distribution of a dividend of 0.0363 euro per ordinary share;
- voted in favour of the first part of the 2015 Remuneration Report;
- authorized - subject to revocation of the resolution authorizing the purchase and disposal of treasury shares adopted by the Ordinary Shareholders' Meeting of June 13, 2014, to the extent not already used - the Administrative Body to carry out transactions for the purchase and disposal of treasury shares within the maximum limit of treasury shares that may be held of 313,290,527, taking into account the shares already held by A2A

S.p.A. and its subsidiaries, being one tenth of the shares making up the share capital, to pursue, in the interests of the company and in accordance with the principle of equal treatment of shareholders and the relevant regulations, development purposes such as the transactions related to business projects in accordance with the strategic lines that the company intends to pursue, in relation to which the opportunity of stock exchange is realized. The purchase of shares shall be made on regulated markets according to operating procedures established in the organization and management regulations of the markets. Measures and orders, and in particular for sales of the treasury shares purchased under the Shareholders' Meeting authorization, or however already in the company portfolio may be performed through the trade, exchange, transfer or other measure as part of business projects or extraordinary financial transactions, and in this case without price limits. The Administrative Body has been granted the most ample powers for the execution of the above resolutions for a period not exceeding eighteen months from the date of the resolution.

The Shareholders' Meeting has conferred the statutory audit assignment for the years 2016-2024 to Reconta Ernst & Young S.p.A. and has also approved the adoption of the new meeting regulation in adaptation to the "traditional" administration and control system adopted by the company.

A2A S.p.A.: Board of Directors

On June 22, 2015 the Board of Directors of A2A S.p.A. assessed the fulfilment, on the part of the Directors Giambattista Brivio and Maria Elena Cappello, of the independence requirements pursuant to article 148, paragraph 3, of the CFA and the fulfilment of the independence requirements under article 3 of the Corporate Governance Code of Listed Companies.

At the meeting, the Board also approved the following composition for:

- Control and Risks Committee: Michaela Castelli – Chairwoman, Giambattista Brivio and Fausto Di Mezza;
- Appointments and Remuneration Committee: Giovanni Comboni – Chairman, Antonio Bonomo and Dina Ravera.

EPCG Montenegro: approved the financial statements for year 2014 and resolved return of capital shares

On June 30, 2015, the Shareholders' Meeting of EPCG approved the financial statements for year 2014, appointed the new members of the Board of Directors (with 3 out of 7 directors designated by A2A) and approved the extraordinary capital restructuring, with coverage of accumulated losses carried forward, a precondition for the distribution of dividends in the coming years.

At the same time, the Shareholders' Meeting approved the return of a share of the capital to shareholders for an amount corresponding to the profit for the fiscal year 2014, amounting to approximately 35 million euro. A2A S.p.A. will therefore receive approximately 14.6 million euro in the second half-year of 2015.

Arbitration Asm Novara S.p.A.

For A2A S.p.A., the decision on the arbitration proceedings between A2A S.p.A. and Pessina Costruzioni for the dispute related to the district heating project in the city of Novara is unexpected in terms of negative results and quantification of the sentence.

The case, prior to the establishment of the current Board of Directors, originated in 2004 and is related to the district heating project of the Piedmont city that was planned to be realized by ASM Novara S.p.A., now in liquidation and jointly controlled by A2A S.p.A. and Pessina Costruzioni. The project was never started due to the absence of the conditions of economic efficiency and the interest of the Municipality of Novara in the realization.

A2A S.p.A. appealed against the Award and requested and obtained suspension of its execution, which indicated 37.9 million euro in damages to be compensated to Pessina Costruzioni.

A2A S.p.A. underlines that the arbitration board reached this decision without the issuance of interim orders, without proposal by the parties of preliminary requests and without any technical advice, which is usual and certainly necessary in proceedings of such complexity and scope.

A2A S.p.A. informed the market of the issue starting from the consolidated annual report at December 31, 2012, constantly updating the status of the case in the specific paragraph "Other Information".

A2A S.p.A.: Standard & Poor's has confirmed the long and short-term BBB/A-2 rating and improved the outlook of the rating from "negative" to "stable"

On July 20, 2015, Standard & Poor's improved the rating outlook of A2A S.p.A., which went from "negative" to "stable", confirming the long and short-term BBB/A-2 rating. The improvement of the outlook reflects the company's positive financial policy and the commitment to carry forward the continuous debt reduction despite difficult market conditions. Standard & Poor's also positively it considered the planned strategic repositioning of the company's business mix, associated with the improved financial structure.

A2A S.p.A.: the European Investment Bank (EIB) has financed investments of the Group for 200 million euro

On July 23, 2015, the European Investment Bank (EIB) and A2A S.p.A. entered into an agreement for a 15-year loan of 200 million euro to carry out investments related to electricity distribution, gas distribution and public lighting.

The investment program is intended to expand and upgrade the networks that primarily serve the cities of Milan, Bergamo and Brescia. In electricity and gas distribution, the main purpose of the program is to build and modernize substations, improve the security and reliability of the supply of electricity and gas, upgrade the hardware and continue to meet the quality standards set by the national legislature.

Significant events after September 30, 2015

EPCG Montenegro: extension of the agreements that regulate the management

A2A S.p.A. and the Government of Montenegro had agreed to extend the management rights of A2A S.p.A. in EPCG, as governed by the agreements in place since 2009, until September 30, 2015, to allow the continuation of the negotiations already under way for the continuation of the partnership in terms of profitability and investment decisions, definition and stability of a new regulatory plan, and lastly autonomy and management efficiency.

On October 15, 2015, A2A S.p.A. and the Government of Montenegro have agreed a term sheet to adjust the drafting of the new arrangements for the management of the Montenegro company; in this regard, the parties agreed to extend until the agreements in effect since 2009 December 15, 2015.

Edipower S.p.A.: approved the non-proportional demerger

On October 26, 2015, as part of the agreements signed on the occasion of the acquisition of Edipower S.p.A. on May 24, 2012, the extraordinary shareholders' meetings of Edipower S.p.A. and Cellina Energy, a company wholly owned by Società Elettrica Altoatesina S.p.A., approved the project for the non-proportional demerger of Edipower S.p.A..

The transaction foresees the assignment to Cellina Energy of a compendium comprising hydroelectric plants owned by Edipower S.p.A., comprehensive of the functional active and passive legal relations, the plants' personnel as well as assets and liabilities.

The transaction is based on a framework agreement aimed at regulating assumptions, terms and conditions, as well as the relative time frames, for the exit from Edipower S.p.A. share capital of Società Elettrica Altoatesina S.p.A. as well as the financial partners Banca Popolare di Milano S.c.a.r.l., Fondazione Cassa di Risparmio di Torino and Mediobanca - Banca di Credito Finanziario S.p.A..

After the time limits laid down by law are met and once the formalities required for signing the demerger deed are completed, the operation will become effective in the first part of the first quarter of 2016; an adjustment mechanism will come into operation based on the balance sheet at the effect date of the demerger.

Following the operation, the share capital of Edipower S.p.A. will be entirely owned by A2A S.p.A. For Edipower S.p.A., this will ensure a determining recovery in terms of competitiveness and significant management streamlining, along with an integration and improvement in the efficiency of the combined-cycle plants, an indispensable assumption for the generation of synergies and value in a sector suffering at present such as the gas generation sector.

A2A S.p.A.: non-binding proposal presented to acquire the majority of Linea Group Holding

On September 22, 2015, A2A S.p.A. presented to Linea Group Holding a non-binding offer to acquire a majority of the latter, following the signing of a letter of intent on June 8, 2015 by A2A S.p.A. and Linea Group Holding, aimed at the evaluation of possible industrial partnership operations.

On October 6, 2015, the parties started a supplementary phase, through due diligence, with the aim of reaching an agreement on the key principles of the transaction. On November 9, 2015, A2A S.p.A. submitted a binding offer to the shareholders of Linea Group Holding, which envisages the entry of A2A S.p.A. in the capital of the multi-utility equal to 51%. The expiration of the term for acceptance of the offer has been set for December 21, 2015.

A2A and Sorgenia sign agreements for the use of two combined cycle plants

In November 2015, the five-year agreements became operational, between A2A and Sorgenia for the use of the production capacity of two combined cycle gas turbine plants. The contracts provide that as of November 1, 2015, Sorgenia will use the 800 MW plant owned by A2A located in Gissi, Chieti, and similarly, A2A will use the 800 MW plant in Lodi owned by Sorgenia. The contracts provide that the plants remain in their properties, without any impact on employment. The purchase of gas and sale of energy produced will instead be managed by Sorgenia for the Gissi plant and by A2A for the Lodi plant.

Outlook for operations

The excellent results achieved by the Group in the first nine months of the year and the many development and operational efficiency initiatives indicate that, in the presence of normal temperatures, gross operating income (EBITDA) of the Group for 2015 may be higher, around 2.5%, than the target set in the 2015-2019 Business Plan and therefore equal to around 1,035 million euro. The improved operating income combined with the reduction of the tax load deriving from the abolition of the Robin Hood Tax and regulatory changes concerning IRAP also indicate that the net profit may be higher than originally expected. The Net Financial Position, finally, is expected to be 3.1 billion euro, lower than that stated in the Interim Report at September 30, 2015.

Consolidated financial statements

Consolidated balance sheet (1)

Assets

Millions of euro	Note	09 30 2015	12 31 2014	09 30 2014
NON-CURRENT ASSETS				
Tangible assets	1	5,364	5,625	5,787
Intangible assets	2	1,312	1,318	1,310
Shareholdings carried according to equity method	3	74	74	126
Other non-current financial assets	3	71	65	49
Deferred tax assets	4	315	323	331
Other non-current assets	5	38	43	63
Total non-current assets		**7,174**	**7,448**	**7,666**
CURRENT ASSETS				
Inventories	6	236	284	350
Trade receivables	7	1,384	1,591	1,407
Other current assets	8	296	255	275
Current financial assets	9	139	126	137
Current tax assets	10	72	85	47
Cash and cash equivalents	11	514	544	509
Total current assets		**2,641**	**2,885**	**2,725**
NON-CURRENT ASSETS HELD FOR SALE	12	**202**	**0**	**0**
TOTAL ASSETS		**10,017**	**10,333**	**10,391**

(1) The effects of significant non-recurring events and transactions on the consolidated financial statements are presented in Note 38 as required by Consob Communication no. DEM/6064293 of July 28, 2006.

Equity and liabilities

Millions of euro	Note	09 30 2015	12 31 2014	09 30 2014
EQUITY				
Share capital	13	1,629	1,629	1,629
(Treasury shares)	14	(61)	(61)	(61)
Reserves	15	929	1,048	1,086
Result of the year	16	-	(37)	-
Result of the period	16	237	-	159
Equity pertaining to the Group		**2,734**	**2,579**	**2,813**
Minority interests	17	589	600	595
Total equity		**3,323**	**3,179**	**3,408**
LIABILITIES				
Non-current liabilities				
Non-current financial liabilities	18	3,779	3,931	4,016
Employee benefits	19	332	369	355
Provisions for risks, charges and liabilities for landfills	20	532	498	518
Other non-current liabilities	21	115	364	372
Total non-current liabilities		**4,758**	**5,162**	**5,261**
Current liabilities				
Trade payables	22	993	1,254	1,080
Other current liabilities	22	540	611	502
Current financial liabilities	23	97	125	129
Tax liabilities	24	49	2	11
Total current liabilities		**1,679**	**1,992**	**1,722**
Total liabilities		**6,437**	**7,154**	**6,983**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	25	**257**	**-**	**-**
TOTAL EQUITY AND LIABILITIES		**10,017**	**10,333**	**10,391**

Consolidated income statement ([1])

Millions of euro	Note	01 01 2015 09 30 2015	01 01 2014 09 30 2014	3rd quarter 2015	3rd quarter 2014
Revenues					
Revenues from the sale of goods and services		3,515	3,464	1,138	989
Other operating income		123	168	33	61
Total revenues	27	**3,638**	**3,632**	**1,171**	**1,050**
Operating expenses					
Expenses for raw materials and services		2,179	2,183	713	589
Other operating expenses		182	189	57	82
Total operating expenses	28	**2,361**	**2,372**	**770**	**671**
Labour costs	29	**463**	**477**	**149**	**147**
Gross operating income - EBITDA	30	**814**	**783**	**252**	**232**
Depreciation, amortization, provisions and write-downs	31	**360**	**364**	**112**	**115**
Net operating income - EBIT	32	**454**	**419**	**140**	**117**
Result from non-recurring transactions	33	**(1)**	**11**	**-**	**11**
Financial balance					
Financial income		15	15	4	3
Financial expense		125	154	37	41
Affiliates		3	7	-	2
Result from disposal of other shareholdings (AFS)		-	-	-	-
Total financial balance	34	**(107)**	**(132)**	**(33)**	**(36)**
Result before taxes		**346**	**298**	**107**	**92**
Income taxes	35	**97**	**127**	**20**	**26**
Result after taxes from operating activities		**249**	**171**	**87**	**66**
Net result from discontinued operations		**-**	**-**	**-**	**-**
Net result		**249**	**171**	**87**	**66**
Minorities		**(12)**	**(12)**	**(2)**	**(4)**
Group result of the period	36	**237**	**159**	**85**	**62**

(1) The effects of significant non-recurring events and transactions on the consolidated financial statements are presented in Note 38 as required by Consob Communication no. DEM/6064293 of July 28, 2006.

For details of the Result per share reference shall be made to the specific Note 37 “Result per share”.

Consolidated statement of comprehensive income

Millions of euro	09 30 2015	09 30 2014	3rd quarter 2015	3rd quarter 2014
Net result of the period (A)	**249**	**171**	**87**	**66**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	22	(21)	-	-
Tax effect of other actuarial gains/(losses)	(4)	6	-	-
Total actuarial gains/(losses) net of the tax effect (B)	**18**	**(15)**	**-**	**-**
Effective part of gains/(losses) on cash flow hedge	22	(11)	(8)	28
Tax effect of other gains/(losses)	(6)	4	3	(10)
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	**16**	**(7)**	**(5)**	**18**
Other gains/(losses) of companies valued at equity net of the tax effect (D)	**-**	**-**	**-**	**-**
Total comprehensive result (A) + (B) + (C) + (D)	**283**	**149**	**82**	**84**
Total comprehensive result attributable to:				
Shareholders of the parent company	**271**	**137**	**80**	**80**
Minority interests	**12**	**12**	**2**	**4**

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

Consolidated cash-flow statement

Millions of euro		09 30 2015		12 31 2014		09 30 2014
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		**544**		**376**		**376**
Operating activities						
Net Result (**)		249		(30)		159
Tangible assets depreciation		250		385		301
Intangible assets amortization		47		61		45
Fixed assets write-downs/disposals		3		169		5
Result from affiliates		(3)		45		(7)
Net taxes paid (a)	*(14)*		*(133)*		*(57)*	
Gross change in assets and liabilities (b)	*4*		*443*		*278*	
Total change of assets and liabilities (*a+b*) (*)		(10)		310		221
Cash flow from operating activities		**536**		**940**		**724**
Investment activities						
Investments in tangible assets		(153)		(237)		(160)
Investments in intangible assets and goodwill		(53)		(70)		(45)
Investments in shareholdings and securities (*)		(2)		-		-
Disposal of fixed assets and shareholdings		-		-		-
Dividends received		1		4		4
Cash flow from investment activities		**(207)**		**(303)**		**(201)**

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

Millions of euro	09 30 2015	12 31 2014	09 30 2014
Free cash flow	**329**	**637**	**523**
Financing activities			
Change in financial assets (*)	(67)	(46)	(47)
Change in financial liabilities (*)	(106)	(195)	(189)
Net financial interests paid	(68)	(122)	(48)
Dividends paid by the parent company	(113)	(102)	(102)
Dividends paid by the subsidiaries	(5)	(4)	(4)
Cash flow from financing activities	**(359)**	**(469)**	**(390)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(30)**	**168**	**133**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	**514**	**544**	**509**

Statement of changes in Group equity

Description *Millions of euro*	**Share Capital** **Note 13**	**Treasury Shares** **Note 14**	**Cash Flow Hedge** **Note 15**
Net equity at 12.31.2013	**1,629**	**(61)**	**(23)**
Changes in the first nine months of 2014			
2013 result allocation			
Distribution of dividends			
IAS 19 reserve (*)			
IAS 32 and IAS 39 reserves (*)			(7)
Other changes			
Group and minorities result of the period			
Net equity at 09.30.2014	**1,629**	**(61)**	**(30)**
Changes in the fourth quarter of 2014			
2013 result allocation			
Distribution of dividends			
IAS 19 reserve (*)			
IAS 32 and IAS 39 reserves (*)			(21)
Put option on Edipower S.p.A. shares			
Other changes			
Group and minorities result of the period			
Net equity at 12.31.2014	**1,629**	**(61)**	**(51)**
Changes in the first nine months of 2015			
2014 result allocation			
Distribution of dividends			
IAS 19 reserve (*)			
IAS 32 and IAS 39 reserves (*)			16
Put option on Aspem S.p.A. shares			
Other changes			
Group and minorities result of the period			
Net equity at 09.30.2015	**1,629**	**(61)**	**(35)**

(*) These form part of the statement of comprehensive income.

	Other Reserves and retained earnings	Result of the period/year	Total Equity pertaining to the Group	Minority interests	Total Net shareholders' equity
	Note 15	Note 16		Note 17	
	1,184	**62**	**2,791**	**557**	**3,348**
	62	(62)			
	(102)		(102)	(4)	(106)
	(15)		(15)		(15)
			(7)		(7)
	(13)		(13)	30	17
		159	159	12	171
	1,116	**159**	**2,813**	**595**	**3,408**
	(15)		(15)		(15)
			(21)		(21)
	(1)		(1)		(1)
	(1)		(1)	(2)	(3)
		(196)	(196)	7	(189)
	1,099	**(37)**	**2,579**	**600**	**3,179**
	(37)	37			
	(113)		(113)	(5)	(118)
	18		18		18
			16		16
				1	1
	(3)		(3)	(19)	(22)
		237	237	12	249
	964	**237**	**2,734**	**589**	**3,323**

Notes to the Interim report on operations

General information

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

A2A S.p.A. and its subsidiaries (the "Group") operate both in Italy and abroad. In particular, abroad, the A2A Group is present in Montenegro following the acquisition of the shareholding in the company EPCG which took place in 2009.

The A2A Group mainly operates 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 sweeping to disposal) and the construction and management of integrated waste disposal plants and systems, also making these available for other operators;
- integrated water cycle management.

Interim report on operations

The Interim Report on operations (in the following the "**Report**") of the A2A Group at September 30, 2015 is presented in millions of euro; the euro is also the functional currency of the economies in which the Group operates.

The Report of the A2A Group at September 30, 2015 has been prepared:

- in compliance with Legislative Decree no. 58/1998 (art. 154-ter) as amended and with the Issuers' Regulations published by Consob;
- in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and approved by the European Union, in particular IAS 34. IFRS means all the revised international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly known as the Standing Interpretations Committee (SIC).

In preparing the Report, the same principles used in the preparation of the annual financial report at December 31, 2014 were applied, other than the principles and interpretations described in detail in the paragraph below "Changes in accounting principles" adopted for the first time on January 1, 2015.

This Report at September 30, 2015 was approved on November 12, 2015 by the Board of Directors, which authorized publication.

Financial statements

The Group has adopted a format for the balance sheet which presents current and non-current assets and current and non-current liabilities as separate classifications, as required by paragraph 60 et seq. of IAS 1.

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

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

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

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

The formats adopted for the financial statements are the same as those used to prepare the annual consolidated financial statements at December 31, 2014.

Basis of preparation

The Interim Report at September 30, 2015 has been prepared on a historical cost basis, with the exception of those items which, in accordance with IFRS, can or have to be measured at fair value, as explained in the accounting policies.

The consolidation principles, the accounting principles, the accounting policies and the methods of measurement used in the preparation of the Report are consistent with those used to prepare the annual consolidated financial statements at December 31, 2014, except as specified below.

Changes in international accounting standards

The accounting principles adopted in the first nine months of 2015 are the same as those used in the prior year, with the exception of those discussed below in the paragraph "Accounting principles, amendments and interpretations applied by the Group from the current year".

A summary is provided in the following paragraph "Accounting principles, amendments and interpretations not yet adopted by the European Union" of the changes that will be adopted in future periods, stating the expected effects on the A2A Group's Report to the extent this is possible.

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

As from January 1, 2015, some additions have been applied following specific paragraphs of the international accounting standards already adopted by the Group in previous years, none of which had an effect on the Group's financial statements.
The main changes are described in the following:

- IAS 19 Revised "Employee Benefits": the amendments to IAS 19 on November 21, 2013 allow (but do not impose) the accounting decrease of the "current service cost" of the period of contributions paid by employees or by third parties, that are not related to the number of years of service, instead of the allocation of these contributions over the period when the service is rendered. Said contributions shall meet the following conditions: (i) they are indicated in the formal conditions of the plan; (ii) they are connected to the service rendered by the employee; (iii) they are independent of the number of years of service of the employee (ex. the contributions represent a fixed percentage of the salary or a fixed amount for the entire work period or related to age of the employee);
- On December 12, 2013 the IASB issued a series of amendments to certain accounting standards which may be summarized as follows:
  a) IFRS 2 "Share-based payments": the amendment clarifies the definition of "vesting condition" by separately defining a "performance condition" and a "service condition";

b) IFRS 3 "Business Combinations": the amendment clarifies that the obligation to pay consideration in a business combination that meets the classification requirements for a financial instrument is classified in the financial statements as a financial liability on the basis of IAS 32 "Financial Instruments: Presentation" and measured at fair value through the income statement.The amendment also clarifies that the standard is not applicable to the joint ventures and joint arrangements regulated by IFRS 11;
c) IFRS 8 "Operating Segments": the standard has been amended with the introduction of a new information obligation, requiring a brief description of the operating segments that have been aggregated and economic indicators that have been used for such combination;
d) IFRS 13 "Fair Value Measurements": the amendment clarifies that the exemption permitting an entity to measure the fair value of financial assets and liabilities on a net basis is applicable to all contracts, regardless of whether they meet the definition of financial assets or financial liabilities;
e) IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": both standards are amended to clarify how recoverable amounts and useful lives are treated when an entity carries out a revaluation;
f) IAS 24 "Related Party Disclosures": the standard is amended in order to include an entity providing key management personnel services as a related party (so-called management company);
g) IAS 40 "Property Investments": the amendment to the standard regards the interrelationship between IFRS 3 "Business Combinations" and IAS 40 "Property Investments" when the acquisition of a property can be identified as a business combination.

- IFRIC 21 "Levies": this interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" was issued on May 20, 2013 and regards the accounting for levies imposed by governments which do not fall within the scope of IAS 12 "Income Taxes". IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the legislation that triggers the payment of the levy.

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

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

- IFRS 9 “Financial instruments”: this standard is the first of a multi-phase project which is designed to replace IAS 39 “Financial instruments: recognition and measurement” and to introduce two new criteria to recognize and measure financial assets and liabilities. The main changes introduced by IFRS 9 may be summarized as follows: financial assets can be measured either at fair value or at their amortized cost. As a result, the categories “loans and receivables”, “available- for-sale financial assets” and “held-to-maturity investments” disappear. Classification within the two categories is carried out on the basis of an entity’s business model and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost if both of the following requirements are met: the objective of the entity’s business model is to hold assets to collect contractual cash flows (and therefore in substance not to earn trading profits) and the characteristics of the cash flows of the asset are solely payments of principal and interest. A financial asset is measured at fair value if it is not measured at amortized cost. The rules to account for derivatives have been simplified, as the embedded derivative and the host financial asset are no longer recognized separately.
  All equity instruments - listed or unlisted - must be measured at fair value (IAS 39 established on the other hand that unlisted equity instruments should be valued at cost if fair value could not be reliably measured).
  An entity has the option of presenting changes in the fair value of equity instruments that are not held for trading in equity; that option is not permitted for equity instruments that are held for trading. This designation is permitted on initial recognition, may be adopted for each individual instrument and is irrevocable. If an election is made for this option, changes in the fair value of these instruments may never be reclassified from Equity to the Income Statement. Dividends on the other hand continue to be recognized in the Income Statement.
  IFRS 9 does not permit reclassifications between the two categories of financial asset except in the rare case of a change in an entity’s business model. In this case the effects of the reclassification are applied prospectively.
  The disclosures required to be made in the notes have been adjusted to the classification and measurements rules introduced by IFRS 9.
  On November 19, 2013, the IASB issued an amendment to this standard which mainly regards the following:

(i) bringing into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements;
(ii) enabling entities to change the accounting of liabilities measure at fair value: in particular the effects of a worsening of an entity's own credit risk will no longer be recognized in the Income Statement;
(iii) deferring the effective date of the standard, originally January 1, 2015, effective as of January 1, 2015.

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

- IFRS 10 "Consolidated Financial Statements": the amendment to this standard issued on December 18, 2014 relates to the exemption from the presentation of the consolidated financial statements if the parent company has investments in "investment entities" that evaluate their subsidiaries at fair value. The amendment to the standard is applicable from January 1, 2016;
- IFRS 11 "Joint Arrangements": issued by the IASB in May 2014, the amendment to this standard provides guidance on how to account for the acquisition of an interest in a joint operation that is a business as defined by IFRS 3 "Business Combinations". The amendment is applicable from January 1, 2016. An amendment to this standard was issued on December 18, 2014 regarding the exemption from the presentation of the consolidated financial statements if the parent company has investments in "investment entities" that evaluate their subsidiaries at fair value;
- IFRS 14 "Regulatory Deferral Accounts"; the new standard, issued by the IASB in January 2014, permits an entity which is a first-time adopter of IAS/IFRS to continue to account for "regulatory deferral account balances" in accordance with its previous accounting standards. The standard is applicable from January 1, 2016;
- IFRS 15 "Revenue from Contracts with Customers": the scope of the new standard, issued by the IASB on May 28, 2014, is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. A contract with a customer falls within the scope of the standard if all the following conditions are met:

(i) the contract has been approved by the parties to the contract, who have undertaken to carry out their respective obligations;
(ii) each party's rights in relation to the goods and services to be transferred can be identified and the payment terms have been identified;
(iii) the contract has commercial substance (the risks, the timing or the cash flows may change as the result of the contract);

(iv) it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

On September 11, 2015, the IASB issued an amendment to the standard in question, postponing the date of application with effect from January 1, 2018;

- IAS 1 "Presentation of the Financial Statements": issued by the IASB on December 18, 2014 and applicable from January 1, 2016, the amendment to the standard in question explicitly clarifies that non-significant disclosures need not be provided even if expressly required by a specific IFRS. With respect to the notes to the financial statements, there is no specific order and therefore the company could also decide to present the notes for each item of the financial statements, commenting on the content and the changes during the period along with a description of the accounting standard applied to said item. The amendment to the standard in question also intends to provide clarification on the aggregation or disaggregation of items of the financial statements if the amount is significant or "material". In particular, the amended to the standard requires not proceeding with the aggregation of financial statement items with different characteristics or the disaggregation of financial statement items that make the disclosure and reading of the financial statements difficult. Furthermore, with regard to the exposure of the financial position of an entity, the amendment clarifies the need to disaggregate some items required by paragraphs 54 (Balance sheet) and 82 (Income statement) of IAS 1;
- Annual amendments to IFRS 2012-2014: on September 25, 2014, the IASB published a series of amendments to certain international accounting standards, applicable with effect from January 1, 2016. The amendments concern:

(i) IFRS 5 "Non-current assets held for sale and discontinued operations";

(ii) IFRS 7 "Financial Instruments: Disclosures";

(iii) IAS 19 "Employee Benefits";

(iv) IAS 34 "Interim financial reporting".

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

With reference to IFRS 7, the amendment provides that if an entity transfers a financial asset on terms which allow the "derecognition" of the asset, it shall be required to provide information regarding the involvement of the entity in the transferred asset, if it has signed service contracts that show an entity's interest in the future performance of the financial assets transferred.

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

The proposed amendment to IAS 34 requires disclosure of cross-references between the data reported in the interim financial statements and the information associated with them;

- IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”: this amendment to the two standards outlined, issued by the IASB in May 2014, clarifies that a depreciation process based on revenues cannot be applied with reference to elements of property, plant and equipment, since this method is based on factors (ex. volumes and selling prices) that do not represent the actual consumption of the economic benefits of the underlying asset. The above prohibition has also been included in IAS 38, under which intangible assets may be amortized on the basis of revenues only if it can be shown that the revenues and consumption of the economic benefits of the intangible asset are highly correlated;
- IAS 27 (Revised) “Separate Financial Statements”: the amendment to this standard, issued by the IASB on August 12, 2014 and applicable from January 1, 2016, allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements;
- IAS 28 “Investments in Associates and Joint Ventures”: on December 18, 2014, this standard was amended regarding the investments in associates and joint ventures that are “investment entities”: these investments can be measured at fair value or with the equity method. This amendment is applicable from January 1, 2016.

Scope of consolidation

The Report of the A2A Group at September 30, 2015 includes the figures of the parent A2A S.p.A. and those of the subsidiaries over which A2A S.p.A. exercises either direct or indirect control, even if the holding is less than 50%. In addition, companies in which the parent exercises joint control with other entities (joint ventures) and those over which it has a significant influence are consolidated using the equity method.

It is noted that following the acquisition in April 2015 of the remaining 50% of the share capital of the company Bellisolina S.r.l., the latter, previously consolidated with the equity method, as of June 30, 2015 is 100% controlled by A2A Ambiente S.p.A. and was therefore fully consolidated.

Following the acquisition of the additional 50% of the share capital of the company Bergamo Servizi S.r.l., the latter, previously valued using the equity method, as of closing at June 30, 2015, is 100% controlled by Aprica S.p.A. and was fully consolidated.

In the first half-year of 2015, the acquisition was finally completed of an additional 30% of the share capital of SED S.r.l. by A2A Ambiente S.p.A.. As of June 30, 2015, SED S.r.l. is 80% controlled by A2A Ambiente S.p.A. and was therefore consolidated on a line-by-line basis.

The investment in SEASM S.r.l., held 67% by A2A S.p.A., previously consolidated on a line-by-line basis, has been reclassified to “Non-current assets held for sale”, following management’s decision to sell the investment as discussed in further detail in note 12 “Non-current assets held for sale”.

Consolidation policies and procedures

Consolidation policies

Subsidiaries

Subsidiaries are those companies over which the parent company, A2A S.p.A., exercises control and has the power, as defined by IFRS 10, to determine financial and operating policy, either directly or indirectly, in order to obtain returns from their activities. Subsidiaries are consolidated from the date on which the Group effectively acquires control and cease to be consolidated on a line-by-line basis from the date on which control is transferred to a company outside the Group.

Associates, joint ventures and joint operations

Investments in associates, namely those in which the A2A Group has a considerable interest and is able to exercise significant influence are accounted for using the equity method. Gains and losses attributable to the Group are recognized in the financial statements from the date on which significant influence or joint control commences.

In the event that the loss attributable to the Group exceeds the carrying amount of an investment, the carrying amount is reduced to zero and any excess loss is provided for to the extent that the Group has legal or constructive obligations to make good the associate's losses or in any case to make payments on its behalf.

With the adoption of IFRS 11, the Group must now classify investments in joint arrangements as either joint ventures (if the Group has rights to the net assets of the arrangement) or joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement).

The Group's investments in joint ventures as defined by IFRS 11 are accounted for using the equity method, whereas for joint operations the standard requires that the Group recognize its portion of the assets, liabilities, revenues and expenses, rather than account for the investments using the equity method.

The A2A Group is not a party to any joint operations and accordingly the adoption of the new standard had no effect on the Report at September 30, 2015.

Potential voting rights

If the A2A Group holds call options on shares or other equity instruments that represent capital (warrants) that are convertible into ordinary shares or similar instruments having the potential, if exercised or converted, to give the Group voting rights or reduce the voting rights of third parties ("potential voting rights"), such potential voting rights are taken into consideration when assessing whether or not the Group has the power to govern or influence another company's financial and operating policies.

Treatment of put options on the shares of subsidiaries

The Group has granted put options to minority shareholders which entitle them to require the A2A Group to purchase the shares they own at a future date.

Paragraph 23 of IAS 32 states that a contract that contains an obligation for an entity to purchase shares for cash or another financial asset gives rise to a financial liability for the present value of the exercise price of the option.

As a result, therefore, if the Group does not have the unconditional right to avoid the delivery of cash or other financial instruments when a put option on the shares of subsidiaries is exercised, it must recognize a liability.

In the absence of specific instructions in the related accounting standards, the A2A Group: (i) considers the shares involving put options to have already been purchased, including in cases in which the risks and rewards connected with ownership of the shares remain with the minority shareholders and they remain exposed to equity risk; (ii) records a corresponding entry among equity reserves for the liability resulting from the obligation and any subsequent changes that are not related to the mere unwinding of the present value of the strike price; (iii) and recognises such changes through the income statement.

Consolidation policies

General procedure

The financial statements of the subsidiaries, associates and joint ventures consolidated by the A2A Group are prepared at the end of each reporting period using the same accounting policies as the parent. Any items recognized by using different accounting principles are adjusted during the consolidation process to bring them into line with Group accounting policies. All intragroup balances and transactions, including any unrealized profits arising from transactions between Group companies, are fully eliminated.

In preparing the Report the assets, liabilities, income and expenses of the companies being consolidated are included in their entirety on a line-by-line basis, with the portion of equity and net income for the period attributable to minority interests being stated separately in the balance sheet and income statement.

The carrying amount of the investment in each subsidiary is eliminated against the corresponding share of its net equity, including any adjustments to fair value at the acquisition date; any differences arising are accounted for in accordance with IFRS 3.

Transactions with minority interests which do not lead to the loss of control in consolidated companies are accounted for using the economic entity view approach.

Adoption of international accounting standard IFRS 12 "Disclosure of Interests in Other Entities"

With effect from January 1, 2014, the A2A Group has among other things adopted international accounting standard IFRS 12 "Disclosure of Interests in Other Entities", issued by the IASB in 2011 and adopted by the European Commission on December 11, 2012.

On the basis of the requirements of paragraphs 7 and following of the standard the Group discloses information below about the significant judgments and assumptions it has made in determining:

(i) that the parent company has control of another entity within the meaning of IFRS 10;

(ii) the type of joint arrangement (joint operation or joint venture) when the arrangement has been structured through a separate vehicle, in compliance with IFRS 11;

(iii) that the parent company has significant influence over another entity (shareholdings in associates).

Shareholding in EPCG (IFRS 10)

The A2A Group has established that the requirements of IFRS 10 exist for the consolidation of the shareholding in the Montenegro company EPCG whose business is the production, distribution and sale of electricity.

More specifically, the Group consolidates EPCG, in whose share capital it has an interest of 41.75%, on a line-by-line basis.

Although the parent company does not hold the majority of the votes that may be exercised at a shareholders' meeting, the company is considered to be a subsidiary because by being able to appoint the CEO and CFO, the parent has de facto control, applying in practice the provisions of the purchase agreement, namely it is able to manage the company from an effective standpoint.

The adoption of IFRS 10 (superseding IAS 27 on the subject of consolidated financial statements) has had no effect on the way in which the shareholding in EPCG is consolidated, since A2A S.p.A. has control as "it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee".

Shareholdings in joint ventures (IFRS 11): Ergosud S.p.A. and PremiumGas S.p.A.

IFRS 11 identifies two types of arrangement, joint operations and joint ventures, on the basis of the rights and obligations of the parties, and governs the resulting accounting treatment to be adopted for the recognition of these arrangements in the financial statements.

The most significant effect of the new standard is the fact that a number of entities jointly controlled by A2A, which up until now have been recognized using the equity method, could fall under the definition of joint operations on the basis of the requirements of IFRS 11. The accounting treatment for this type of joint arrangement requires the assets/liabilities and revenue/expenses connected with the arrangement to recognized on the basis of the rights/obligations due to/assumed by A2A, regardless of the interest held.

In the particular case of its shareholdings in two joint arrangements operating in the Generation and Trading Business Unit, Ergosud S.p.A. and PremiumGas S.p.A., the A2A Group considers that these fall under the category joint ventures as far as their legal form and the nature of the contractual agreements are concerned.

More specifically, for the shareholding in PremiumGas S.p.A. the Group holds rights exclusively connected with the company's results; the company's activities are not directed solely towards the sale of gas to Group companies, thereby ensuring its continuity independent of its commercial relationships with the Group.

For the shareholding in Ergosud S.p.A., despite the existence of a tolling agreement the investee could dispatch energy autonomously, thereby ensuring business continuity also at the end of the agreement. In addition, the A2A Group does not appoint any of the company's key management.

On the basis of the above considerations, the A2A Group has accounted for the shareholdings using the equity method, continuing the treatment used in previous years.

Procedure for the consolidation of assets and liabilities held for sale (IFRS 5)

In the case of particularly large amounts and in connection with non-current assets and liabilities held for sale, and only in this case, in accordance with IFRS 5 the relative intragroup financial receivables and payables are not eliminated in order to provide a clear presentation of the financial impact of a possible disposal.

Options with third parties

a) Rights granted to the financial shareholders (Mediobanca, Fondazione CRT and Banca Popolare di Milano)

On May 24, 2012, A2A S.p.A., the other shareholders of Edipower S.p.A. (formerly Delmi S.p.A.) and Iren Energia S.p.A. (terminated its shareholding of Edipower S.p.A. on November 1, 2013) signed a Framework Agreement concerning the governance of Edipower S.p.A. and its operating model. This Framework Agreement has a duration of 5 years and renews automatically unless expressly terminated.

The Framework Agreement also includes provisions regarding the circulation of Edipower S.p.A. shares (lock-up, pre-emption, acceptance, right to joint sale and right to purchase clauses) and divestment from Edipower S.p.A..

On this final point, beginning on the date of the third anniversary of the merger the parties in the Framework Agreement are required to meet to verify, in good faith, if the necessary conditions exist for listing the shares in Edipower S.p.A., including by way of mergers with other listed companies. In the event of a listing, the financial shareholders of Edipower S.p.A., namely Mediobanca, Fondazione CRT and BPM, shall be entitled to place their own equity investments on the market with priority over the other parties to the framework agreement.

Should the company not be listed within 48 months of the effective date of the Delmi/Edipower merger, Mediobanca, Fondazione CRT and BPM shall each have the right to liquidate their entire equity interest in Edipower S.p.A. in exchange for payment of the fair value of said investment, to be paid in kind by assignment of a business unit to be selected by the board of directors of Edipower S.p.A.. Should this procedure not be completed for any reason within 50 months of the date of the merger, Mediobanca, Fondazione CRT and BPM shall each have a put option at fair value on their holding which can be exercised with the other shareholders of Edipower S.p.A. subsequent to the merger, in proportion to the equity interest each shareholder owns in Edipower S.p.A. In this respect, as the result of the non-proportional demerger of Edipower S.p.A. effective from November 1, 2013, Iren S.p.A. and Iren Energia S.p.A. are no longer shareholders of Edipower S.p.A..

The signing of the Framework Agreement and the consequent rights granted to the financial shareholders (Mediobanca, Fondazione CRT and BPM) have been considered as put options on non-controlling interests and have been accounted for as described in paragraph 23 of IAS 32. The standard in question states that a contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the exercise price of the option.

The A2A Group therefore considers the shares involved in the put options to have already been purchased, even though the other shareholders maintain the risks and benefits connected with ownership of the shares and they continue to be exposed to the related equity risk, and has recognized the liability resulting from this obligation. Any subsequent changes in the liability that are not related to the mere unwinding of the present value of the exercise price will be recognized in Group equity.

b) Option agreement between A2A S.p.A. and Società Elettrica Altoatesina S.p.A. (SEL)

On May 24, 2012, A2A S.p.A. signed an option agreement with Società Elettrica Altoatesina S.p.A. (SEL) concerning a portion of the shares held in Edipower S.p.A. following the merger of Delmi S.p.A. in Edipower S.p.A.; this merger became effective on January 1, 2013, based on the deed signed on December 18, 2012.

Following the merger SEL S.p.A. held a 6.75% equity interest in Edipower S.p.A.. After the non-proportional partial demerger of Edipower S.p.A. in favor of Iren Energia S.p.A. this interest has risen to 8.5%.

The option agreement states that SEL S.p.A. has a put option (the right to sell) and A2A S.p.A. has a call option (the right to buy) on the shares held by SEL S.p.A. in Edipower S.p.A..

SEL S.p.A. may exercise its put option during the three-month period prior to May 24, 2017, and A2A S.p.A. may exercise its call option during that three-month period after May 24, 2017. The exercise price of these options is made up of a fixed portion and a variable portion to be based on the fair value of the shares involved in the options at the exercise date.

The signing of the option agreement and the consequent granting of rights to SEL S.p.A. have been considered to be a put option on a non-controlling interest and have been recognized for accounting purposes as described above.

* * *

As a result of the agreements described under points (a) and (b) above, the Report at September 30, 2015 includes a liability to SEL S.p.A. and the financial shareholders of Edipower S.p.A. for the potential exercising of the put options on Edipower S.p.A. shares totalling approximately 235 million euro reclassified from the item "Other non-current liabilities" to the item "Liabilities directly associated with non-current assets held for sale" following the agreement signed on October 26, 2015, between A2A S.p.A. and Cellina Energy, a company wholly owned by Società Elettrica Altoatesina (SEL), which approved the project for the non-proportional demerger of Edipower S.p.A. whose objective is the overall reorganization of the ownership structure of the company; thus, at the outcome of the transaction, A2A S.p.A. will hold 100% of Edipower in order to allow over time a more systematic valuation of the various assets, even through a different strategic management and a different sharing of related values. The scope of assets of the spin-off refers to the assets of the hydroelectric plant chain of the Cellina Torrent as well as 18 so-called "mini-hydro" plants. For further information, refer to the paragraph "Significant events after September 30, 2015".

c) EPCG - Montenegro government options

On the basis of the agreement signed on April 2, 2015 with A2A S.p.A. and extended to December 2015 and the one signed in 2009 on the acquisition of the shareholding in EPCG by the Italian listed company, currently 41.75%, the Montenegro government holds a call option for the purchase of this interest which, depending on whether certain quantitative targets or specific indicators are reached, may be exercised from this year at a price which is higher than the carrying amount in the financial statements at September 30, 2015.

d) Ergosud S.p.A. call option

Following the purchase by Enrgeticky to Prumyslovy Holding a.s. (EPH) of the shareholding held by E.ON in Ergosud S.p.A., A2A S.p.A. renounced its pre-emption rights on the shares of the subsidiary upon signing of a term sheet (on June 29, 2015). The term sheet recognizes A2A S.p.A., among other things, a call option right exercisable in a time frame of 42 days from July 24, 2015 at a predetermined price. A2A S.p.A. did not exercise the option that has therefore lapsed.

Latest available summarized figures for joint ventures (consolidated at equity)

Key figures at September 30, 2015 *Millions of euro*	**Subsidiary of A2A Ambiente 50% (*)**	**PremiumGas 50%**	**Metamer 50% figures at 06 30 2015**
INCOME STATEMENT			
Sales revenues	0.3	-	6.4
Gross operating income	**-**	**(0.4)**	**0.5**
% of net revenues	*0.0%*	*n.s.*	*7.8%*
Depreciation, amortization and write-downs	(0.6)	-	(0.1)
Net operating income	**0.7**	**(0.4)**	**0.4**
Result of the period	**0.5**	**(0.3)**	**0.3**
BALANCE SHEET			
Total assets	**3.5**	**4.8**	**6.3**
Equity	**(0.5)**	**3.0**	**1.5**
Net (debt)	**0.2**	**0.2**	**3.0**

(*) Bergamo Pulita S.r.l..

Key figures at September 30, 2014 *Millions of euro*	**A2A Group company Ambiente 50% (*) figures at 09 30 2014**	**Premiumgas 50% figures at 09 30 2014**	**Metamer 50% figures at 09 30 2014**	**Ergosud 50% figures at 12 31 2013**
INCOME STATEMENT				
Sales revenues	6.6	3.8	9.1	33.5
Gross operating income	**0.6**	**(0.5)**	**0.6**	**18.2**
% of net revenues	*9.1%*	*(13.2%)*	*6.6%*	*54.3%*
Depreciation, amortization and write-downs	0.7	-	0.1	11.5
Net operating income	**(0.1)**	**(0.5)**	**0.5**	**6.7**
Result of the period	**(0.2)**	**(0.5)**	**0.3**	**3.1**
BALANCE SHEET				
Total assets	**11.3**	**5.3**	**5.1**	**224.2**
Equity	**0.7**	**2.6**	**1.5**	**85.1**
Net (debt)	**(1.0)**	**0.6**	**1.8**	**(124.7)**

(*) Bellisolina S.r.l., Bergamo Pulita S.r.l. and SED S.r.l..

Seasonal nature of the business

Given the nature of the Group's ordinary activities, the interim results can vary as the result of the meteorological conditions during the period.

In this respect reference should be made to the comments on performance by Business Unit presented below.

Results sector by sector

Millions of euro	Generation and Trading		Commercial		Environment	
	01 01 15 09 30 15	01 01 14 09 30 14	01 01 15 09 30 15	01 01 14 09 30 14	01 01 15 09 30 15	01 01 14 09 30 14
Revenues	**2,030**	**2,053**	**974**	**1,078**	**604**	**584**
- of which inter-sector	*518*	*605*	*32*	*51*	*59*	*68*
Gross operating income	**291**	**287**	**78**	**63**	**161**	**165**
% of revenues	*14.3%*	*14.0%*	*8.0%*	*5.8%*	*26.7%*	*28.3%*
Depreciation, amortization, provisions and write-downs	**(127)**	**(161)**	**(13)**	**(14)**	**(50)**	**(63)**
Net operating income	**164**	**126**	**65**	**49**	**111**	**102**
% of revenues	*8.1%*	*6.1%*	*6.7%*	*4.5%*	*18.4%*	*17.5%*
Result from non-recurring transactions						
Financial income (expense)						
Result before taxes						
Income taxes						
Result after taxes from operating activities						
Net result from discontinued operations						
Minorities						
Group result of the period						
Gross investments (1)	**36**	**25**	**2**	**4**	**37**	**32**

(1) See the items “Investments” in the schedules on tangible and intangible assets presented in Notes 1 and 2 in the Notes to the balance sheet.

It should be noted that the figures from January 1 to September 30, 2014 and for the third quarter of 2014 and the balance sheet figures at December 31, 2014 have been reallocated by “Business Unit” following the company reorganization carried out by the Management, as detailed in the section “Results sector by sector”.

Heat and Services		Networks		EPCG		Other Services and Corporate		Eliminations		Total Group	
01 01 15 09 30 15	**01 01 14 09 30 14**	**01 01 15 09 30 15**	**01 01 14 09 30 14**	**01 01 15 09 30 15**	**01 01 14 09 30 14**	**01 01 15 09 30 15**	**01 01 14 09 30 14**	**01 01 15 09 30 15**	**01 01 14 09 30 14**	**01 01 15 09 30 15**	**01 01 14 09 30 14**
161	**169**	**511**	**518**	**181**	**176**	**131**	**143**	**(954)**	**(1,089)**	**3,638**	**3,632**
20	*29*	*204*	*205*	*-*	*-*	*121*	*131*	*(954)*	*(1,089)*		
40	**34**	**213**	**208**	**43**	**42**	**(12)**	**(16)**			**814**	**783**
24.8%	*20.1%*	*41.7%*	*40.2%*	*23.8%*	*23.9%*	*(9.2%)*	*(11.2%)*			*22.4%*	*21.6%*
(22)	**(25)**	**(68)**	**(66)**	**(26)**	**(29)**	**(54)**	**(6)**			**(360)**	**(364)**
18	**9**	**145**	**142**	**17**	**13**	**(66)**	**(22)**			**454**	**419**
11.2%	*5.3%*	*28.4%*	*27.4%*	*9.4%*	*7.4%*	*(50.4%)*	*(15.4%)*			*12.5%*	*11.5%*
										(1)	**11**
										(107)	**(132)**
										346	**298**
										(97)	**(127)**
										249	**171**
										-	**-**
										(12)	**(12)**
										237	**159**
33	**44**	**78**	**77**	**16**	**18**	**4**	**5**	**-**	**-**	**206**	**205**

Millions of euro	Generation and Trading		Commercial		Environment	
	3rd quarter 2015	**3rd quarter 2014**	**3rd quarter 2015**	**3rd quarter 2014**	**3rd quarter 2015**	**3rd quarter 2014**
Revenues	**649**	**565**	**275**	**275**	**198**	**183**
- of which inter-sector	*101*	*119*	*8*	*14*	*16*	*15*
Gross operating income	**99**	**94**	**24**	**16**	**51**	**50**
% of revenues	*15.3%*	*16.6%*	*8.7%*	*5.8%*	*25.8%*	*27.3%*
Depreciation, amortization, provisions and write-downs	**(45)**	**(40)**	**(5)**	**(7)**	**(18)**	**(23)**
Net operating income	**54**	**54**	**19**	**9**	**33**	**27**
% of revenues	*8.3%*	*9.6%*	*6.9%*	*3.3%*	*16.7%*	*14.8%*
Gross investments	**8**	**10**	**1**	**1**	**14**	**11**

Millions of euro	Generation and Trading		Commercial		Environment	
	09 30 15	**12 31 14**	**09 30 15**	**12 31 14**	**09 30 15**	**12 31 14**
Tangible assets	2,463	2,711	2	2	428	433
Intangible assets	52	90	62	64	12	12
Trade receivables and current financial assets	641	776	415	578	333	352
Trade payables and current financial liabilities	644	905	257	393	234	258

	Heat and Services		Networks		EPCG		Other Services and Corporate		Eliminations		Total Group	
	3rd quarter 2015	3rd quarter 2014	3rd quarter 2015	3rd quarter 2014	3rd quarter 2015	3rd quarter 2014	3rd quarter 2015	3rd quarter 2014	3rd quarter 2015	3rd quarter 2014	3rd quarter 2015	3rd quarter 2014
	15	**23**	**160**	**158**	**63**	**57**	**42**	**48**	**(231)**	**(259)**	**1,171**	**1,050**
	1	*7*	*66*	*62*	*-*	*-*	*39*	*42*	*(231)*	*(259)*		
	(7)	**(5)**	**77**	**70**	**11**	**12**	**(3)**	**(5)**			**252**	**232**
	(46.7%)	*(21.7%)*	*48.1%*	*44.3%*	*17.5%*	*21.1%*	*(7.1%)*	*(10.4%)*			*21.5%*	*22.1%*
	(6)	**(10)**	**(24)**	**(22)**	**(9)**	**(9)**	**(5)**	**(4)**			**(112)**	**(115)**
	(13)	**(15)**	**53**	**48**	**2**	**3**	**(8)**	**(9)**			**140**	**117**
	(86.7%)	*(65.2%)*	*33.1%*	*30.4%*	*3.2%*	*5.3%*	*(19.0%)*	*(18.8%)*			*12.0%*	*11.1%*
	10	**19**	**30**	**33**	**9**	**6**	**1**	**1**	**-**	**-**	**73**	**81**

	Heat and Services		Networks		EPCG		Other Services and Corporate		Eliminations		Total Group	
	09 30 15	12 31 14	09 30 15	12 31 14	09 30 15	12 31 14	09 30 15	12 31 14	09 30 15	12 31 14	09 30 15	12 31 14
	571	561	1,000	990	811	818	185	209	(96)	(99)	**5,364**	**5,625**
	34	34	1,299	1,290	3	3	52	54	(202)	(229)	**1,312**	**1,318**
	42	110	256	264	211	210	60	124	(435)	(697)	**1,523**	**1,717**
	52	100	184	230	35	25	111	154	(427)	(686)	**1,090**	**1,379**

Notes to the balance sheet

Following the acquisition in the second quarter of the year of additional shareholdings, the companies Bellisolina S.r.l., Bergamo Servizi S.r.l. and SED S.r.l., previously accounted for using the equity method, as of June 2015, were fully consolidated, as further described in the paragraph "Scope of consolidation".

The investment in SEASM S.r.l., held 67% by A2A S.p.A., previously consolidated on a line-by-line basis, has been reclassified, as it is not a discontinued operation in accordance with IFRS 5, to "Non-current assets held for sale", following management's decision to sell the investment as discussed in further detail in Note 12 "Non-current assets held for sale".

The assets and liabilities of Edipower S.p.A. of the agreement signed between A2A S.p.A. and Cellina Energy, a company wholly owned by Società Elettrica Altoatesina (SEL), which approved the project for the non-proportional demerger of Edipower S.p.A., were reclassified, as it is not an operation considered as disposal group in accordance with IFRS 5, to the items "Non-current assets held for sale" and "Liabilities directly associated with non-current assets held for sale", as described further in Notes 12 and 25 of these Notes.

ASSETS

Non-current assets

1) Tangible assets

Millions of euro	Balance at 12 31 2014	First consolidation Bellisolina/ SED and Bergamo Servizi	Changes during the period					Balance at 09 30 2015
			Invest./ Acquisit.	Other changes	Disposals and sales	Amortization and depreciation	Total changes	
Land	270	2		(4)		(1)	(5)	267
Buildings	949	2	2	(16)		(30)	(44)	907
Plant and machinery	4,136	1	45	(72)	(2)	(197)	(226)	3,911
Industrial and commercial equipment	20		2			(3)	(1)	19
Other assets	52		10	3		(10)	3	55
Landfills	30			(2)		(4)	(6)	24
Construction in progress and advances	109		84	(80)			4	113
Leasehold improvements	57		10	3		(4)	9	66
Leased assets	2			1		(1)		2
Total	**5,625**	**5**	**153**	**(167)**	**(2)**	**(250)**	**(266)**	**5,364**
of which:								
Historical cost	10,089	11	153	(234)	(9)		(90)	10,010
Accumulated depreciation	(4,464)	(6)		67	7	(250)	(176)	(4,646)

"Tangible assets" amounted to 5,364 million euro at September 30, 2015 (5,625 million euro at December 31, 2014), representing a decrease, net of the first consolidation of the companies Bellisolina, SED and Bergamo Servizi, of 266 million euro.

The following changes took place during the period:

- an increase of 5 million euro due to the first consolidation of the companies SED S.r.l., Bellisolina S.r.l. and Bergamo Servizi S.r.l.;
- an increase of 153 million euro due to investments, as described in further detail below;
- decrease of 167 million euro for other changes related for 161 million euro to the reclassification to the item "Non-current assets held for sale" of the assets of the hydroelectric plant chain of the Cellina Torrent and 18 so-called "mini-hydro" plants of the agreement between A2A S.p.A. and Cellina Energy, a company wholly owned by Società Elettrica Altoatesina S.p.A., which approved the project for the non-proportional demerger of Edipower S.p.A., as described further in the paragraph "Significant events after September 30, 2015", for 2 million euro to the reclassification to the item "Non-current assets held for sale" of the assets related to the 380 kV electrical substation called

"Voghera" owned by SEASM S.r.l. subject of disposal, and for 4 million euro to the effect of the change in the discounting rate of the "Landfills" and decommissioning;
- a decrease of 2 million euro for disposals made during the period net of accumulated depreciation;
- a decrease of 250 million euro for the amortization charge for the period.

Investments may be analyzed as follows:
- for the Generation and Trading Business Unit, the increase was 35 million euro and related to 17 million euro for work on the Cassano, Monfalcone, Gissi, Chivasso, Piacenza, San Filippo del Mela and Sermide plants; 18 million euro for investments on the plants of the Calabria, Valtellina, Mese and Udine units;
- for the Environment Business Unit, investments for 37 million euro refer to: 13 million euro for work on the waste-to-energy plants Silla 2, Brescia, Corteolona, Filago and Bergamo; 11 million euro mainly relating to work carried out on the treatment plants in Corteolona, Acerra, Caivano, Brescia, Giussago, Asti, Bergamo, Montanaso Lombardo and Villafalletto; 2 million euro for the purchase of waste collection vehicles and equipment; 10 million euro for Amsa investments and 1 million euro on plants of the Aspem Group;
- investments of 33 million euro in the Heat and Services Business Unit regarded the development of the district heating networks in the Milan, Brescia and Bergamo areas for 12 million euro and extraordinary maintenance and development work on the plants in the Milan, Brescia, Bergamo and Varese areas for 21 million euro;
- investments in the Networks Business Unit totalled 32 million euro and concerned 27 million euro for the development and maintenance of electricity distribution plants, the extension and reconstruction of the medium and low-voltage network and the installation of new electronic meters, 4 million euro for the efficiency plan for public lighting in Milan and 1 million euro for investments in the gas transportation network;
- there was an increase of 15 million euro in the EPCG Business Unit;
- investments totalled 1 million euro in the Other Services and Corporate Business Unit.

Tangible assets include "Leased assets" totalling 2 million euro, recognized in accordance with IAS 17, for which the outstanding payable to lessors at September 30, 2015 amounted to 2 million euro.

2) Intangible assets

Millions of euro	Balance at 12 31 2014	Changes during the period					Balance at 09 30 2015
		Invest./ Acquisit.	Recl./Other changes	Disposals and sales	Amortization and depreci-ation	Total changes	
Industrial patents and industrial property rights	34	3	1		(12)	(8)	26
Concessions, licences, trademarks and similar rights	766	43	2	(1)	(34)	10	776
Assets in progress	15	7	(3)			4	19
Other intangible assets	21		(11)		(1)	(12)	9
Goodwill	482						482
Total	**1,318**	**53**	**(11)**	**(1)**	**(47)**	**(6)**	**1,312**

“Intangible assets” amounted to 1,312 million euro at September 30, 2015 (1,318 million euro at December 31, 2014), representing a net decrease of 6 million euro.

Applying IFRIC 12, from 2010 intangible assets also include assets in concession relating to gas distribution, the integrated water cycle and district heating plants of Varese Risorse S.p.A..

The following changes took place during the period:

- an increase of 53 million euro arising from investments;
- a decrease of 11 million euro due to the partial sale of the final inventories at December 31, 2014 of the green certificates of the industrial portfolio;
- a decrease of 1 million euro for disposals made during the period net of accumulated depreciation;
- a decrease of 47 million euro for the amortization charge for the period.

More specifically, investments relate to the following:

- investments of 46 million euro in the Networks Business Unit for development and maintenance work on the plants of the gas distribution segment and the replacement of low and medium pressure underground piping for 33 million euro, work on the water transport and distribution network, on the sewage networks and on the purification plants for 12 million euro and the implementation of information systems for 1 million euro;
- investments of 3 million euro in the Other Services and Corporate Business Unit mainly relate to the implementation of information systems;
- for the Generation and Trading Business Unit, the increase was 1 million euro;
- there was an increase of 2 million euro in the Commercial Business Unit;
- there was an increase of 1 million euro in the EPCG Business Unit.

“Other intangible assets” include Customer Lists arising on the acquisition of customer portfolios by Group companies. These balances are being amortized on the basis of the estimated benefits expected to be obtained in future years. More specifically, the outstanding balance of 3 million euro relates to the amount paid in previous years by subsidiaries regarding a portion of the networks and customers of the city and Province of Brescia and the customer portfolio of the subsidiary Aspem Energia S.r.l..

Goodwill

Millions of euro	Balance at 12 31 2014	Changes during the period				Balance at 09 30 2015
		Invest.	Other changes	Write-downs	Total changes	
Goodwill	482	-	-	-	-	482
Total	**482**	**-**	**-**	**-**	**-**	**482**

There has been no change in goodwill over the period.

"Goodwill" may be analyzed by CGU as follows at September 30, 2015:

CGU - *Millions of euro*	
Electricity networks	184
Environment	232
Gas networks	38
Gas	7
Heat - Italy	21
Total goodwill at September 30, 2015	**482**

Based on the information currently available, the changes (positive and negative) resulting from the "internal" and "external" indicators, lead us to conclude that there are no elements such to consider likely a material and sustained loss of value of the assets of the electricity CGU and other CGUs/shareholdings of the A2A Group. Consequently, the Group has not deemed it necessary to proceed with the Impairment Test that will be carried out at year-end.

3) Shareholdings and other non-current financial assets

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015	*of which included in the NFP*	
				12 31 2014	*09 30 2015*
Shareholdings carried according to equity method	74	-	74	-	-
Other non-current financial assets	65	6	71	*57*	*63*
Total shareholdings and other non-current financial assets	**139**	**6**	**145**	***57***	***63***

"Shareholdings carried according to equity method" do not show any changes compared to December 31, 2014.

The following table sets out details of the changes:

Shareholdings carried according to equity method - *Millions of euro*	**Total**
Balance at December 31, 2014	**74**
Changes during the period:	
- acquisitions and capital increases	
- valuations at equity	3
- write-downs	
- dividends received from shareholdings in companies carried at equity	(1)
- sales	
- other changes	
- reclassifications	(2)
Total changes during the period	**-**
Balance at September 30, 2015	**74**

The changes are attributable to the increase due to the valuation at equity mainly of the shareholding in ACSM-AGAM S.p.A., for 3 million euro, the decrease resulting from the collection of dividends, for 1 million euro, and the decrease of 2 million euro resulting from the reclassification of the shareholdings in SED S.r.l., Bergamo Servizi S.r.l. and Bellisolina S.r.l., of which control was acquired in the reporting period.

"Other non-current financial assets" had a balance of 71 million euro at September 30, 2015, representing an increase of 6 million euro over the figure at December 31, 2014 and mainly refer to financial receivables for deposits in the medium/long term of the subsidiary EPCG.

4) Deferred tax assets

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015
Deferred tax assets	323	(8)	315

“Deferred tax assets” amounted to 315 million euro (323 million euro at December 31, 2014). This item consists of the net balance of IRES and IRAP deferred tax assets and liabilities arising from changes and accruals made solely for fiscal purposes. The recoverability of “Deferred tax assets” recorded in the financial statements is considered likely, as the future plans envisage taxable income sufficient to use the deferred tax assets.

As of September 30, 2015, the amounts relative to deferred tax assets/deferred tax liabilities have been expressed as net (“offsetting”) as per IAS 12 standards.

The following tables sets out the main deferred tax assets and liabilities.

Millions of euro **Detail of deferred tax assets and liabilities**	**Consolidated financial statements at 12 31 2014**	**Accruals (A)**	**Utilizations (B)**	**Adjustment rates (C)**	**Total (A+B+C)**	**IAS 39 to equity**	**IAS 19 Revised to equity**	**Other changes/ Reclass./ Mergers**	**Deferred tax assets/ liabilities in Assets held for sale**	**Consolidated financial statements at 09 30 2015**
Deferred tax liabilities										
Value differences in tangible assets	788		(33)		(33)				(56)	699
Application of the finance lease standard (IAS 17)	7				-					7
Application of the financial instrument standard (IAS 39)	-				-					-
Value differences for intangible assets	(1)				-					(1)
Capital gains accounted for on an installment basis	-				-					-
Employee leaving entitlement (TFR)	4				-					4
Goodwill	93				-					93
Other deferred tax liabilities	64		(1)		(1)					63
Total deferred tax liabilities (A)	**955**	**-**	**(34)**	**-**	**(34)**	**-**	**-**	**-**	**(56)**	**865**
Deferred tax assets										
Taxed risk provisions	151	20	(15)		5		(2)	(5)		149
Value differences in tangible assets	646	5	(36)		(31)			12	(35)	592
Application of the financial instrument standard (IAS 39)	31				-	(3)				28
Bad debts provision	12	4	(4)		-					12
Grants	14				-	-				14
Goodwill	371		(28)		(28)	-				343
Other deferred tax assets	53	20	(26)		(6)	(4)	(1)			42
Total deferred tax assets (B)	**1,278**	**49**	**(109)**	**-**	**(60)**	**(7)**	**(3)**	**7**	**(35)**	**1,180**
NET DEFERRED TAX ASSETS/ LIABILITIES (B-A)	**323**	**49**	**(75)**	**-**	**(26)**	**(7)**	**(3)**	**7**	**21**	**315**

5) Other non-current assets

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015	*of which included in the NFP*	
				12 31 2014	*09 30 2015*
Non-current derivatives	34	(2)	32	*34*	*32*
Other non-current assets	9	(3)	6	-	-
Total other non-current assets	**43**	**(5)**	**38**	***34***	***32***

"Other non-current assets" amounted to 38 million euro, a decrease of 5 million euro over the balance at December 31, 2014, and consist of the following:

- 32 million euro relating to "Derivatives" hedging non-current financial items consisting mainly of Interest Rate Swap (IRS) contracts hedging the risk of an adverse change in interest rates on bonds and long-term loans. The decrease in this item compared to December 31, 2014 arises from the fair value measurement at the end of the period;
- 6 million euro for "Other non-current assets" principally relating to guarantee deposits and expenditure incurred but relating to future years.

Current assets

6) Inventories

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015
Inventories	**284**	**(48)**	**236**

"Inventories" amounted to 236 million euro (284 million euro at December 31, 2014), net of the obsolescence provision, and changed as follows:

- 49 million euro relating to a decrease in other stocks, which amounted to 53 million euro at September 30, 2015 against 102 million euro at December 31, 2014;
- 4 million euro due to a decrease in fuel at third parties, which amounted to 3 million euro at September 30, 2015 and 7 million euro at the end of the previous year;
- 3 million euro relating to the increase in fuel stocks, which at the balance sheet date totalled 122 million euro compared to 119 million euro at December 31, 2014;
- 2 million euro relating to an increase in materials stocks, which totalled 58 million euro compared to 56 million euro at December 31, 2014.

7) Trade receivables

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015
Trade receivables	1,923	(212)	1,711
(Bad debt provision)	(332)	5	(327)
Total trade receivables	**1,591**	**(207)**	**1,384**

"Trade receivables" amounted to 1,384 million euro at September 30, 2015 (1,591 million euro at December 31, 2014), representing a net decrease of 207 million euro. In further detail:

- 199 million euro due to a decrease in trade receivables from customers: this item had a balance of 1,296 million euro at the balance sheet date compared to 1,495 million euro at December 31, 2014;
- 2 million euro due to a decrease in receivables from the Municipalities of Milan and Brescia, which had a balance of 78 million euro (80 million euro in the previous year);
- 6 million euro due to a decrease in receivables from associates, which had a balance of 5 million euro at the balance sheet date (11 million euro at December 31, 2014);
- contracts in progress unchanged over December 31, 2014 and amounted to 5 million euro.

The Group makes spot sales of receivables on a non-recourse basis. At September 30, 2015 the receivables which had not yet fallen due, sold by the Group on a definitive basis and derecognized in accordance with the requirements of IAS 39, amounted to 105 million euro in total. These receivables amount to 13 million euro at the date of publication of this Interim Report on operations. The sales relate to trade balances. The Group has no rotating factoring programs.

The "Bad debt provision" amounted to 327 million euro and shows a net decrease of 5 million euro over December 31, 2014. Accruals of 12 million euro were made during the period while utilizations and other changes amounted to 17 million euro.

8) Other current assets

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015	*of which included in the NFP*	
				12 31 2014	*09 30 2015*
Current derivatives	51	(6)	45	-	-
Other current assets	204	47	251	-	-
Total other current assets	**255**	**41**	**296**	**-**	**-**

"Other current assets" had a balance of 296 million euro compared to 255 million euro at the closing date of the previous year and represent an increase of 41 million euro, which may be analyzed as follows:

- an increase of 69 million euro in receivables from the Electricity Sector Equalization Fund which amounted to 129 million euro and at the end of the previous year totalled 60 million euro;
- 8 million euro increase in other receivables pertaining to future years, which currently total 22 million euro (14 million euro at December 31, 2014);
- a decrease of 28 million euro in VAT and duty receivables, which at September 30, 2015 amounted to 27 million euro (55 million euro in the previous year);
- a decrease of 6 million euro relating to "Current derivatives" arising from the decrease in commodity derivatives due to the fair value measurement carried out at the end of the reporting period, which amount to 45 million euro (51 million euro at December 31, 2014);
- a decrease of 1 million euro in various balances due, which amounted to 68 million euro (69 million euro at December 31, 2014);
- a decrease of 1 million euro in advances from suppliers which amounted to 3 million euro at September 30, 2015 (4 million euro at December 31, 2014);
- balances due from personnel totaling 2 million euro showed no change from December 31, 2014.

9) Current financial assets

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015	*of which included in the NFP*	
				12 31 2014	*09 30 2015*
Other financial assets	126	8	134	*126*	*134*
Financial assets due from related parties	-	5	5	*-*	*5*
Total current financial assets	**126**	**13**	**139**	***126***	***139***

This item had a balance of 139 million euro (126 million euro at December 31, 2014), mainly relating to interest-bearing bank deposits.

10) Current tax assets

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015
Current tax assets	**85**	**(13)**	**72**

"Current tax assets" amounted to 72 million euro (85 million euro at December 31, 2014) representing a decrease of 13 million euro over the previous year-end.

11) Cash and cash equivalents

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015	*of which included in the NFP*	
				12 31 2014	*09 30 2015*
Cash and cash equivalents	544	(30)	514	*544*	*514*

"Cash and cash equivalents" at September 30, 2015 represent the sum of the Group's bank and postal asset balances.

Bank deposits include accrued interest although this had not yet been credited at the end of the period.

12) Non-current assets held for sale

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015	*of which included in the NFP*	
				12 31 2014	*09 30 2015*
Non-current assets held for sale	-	202	202	-	*38*

“Non-current assets held for sale” showed a balance of 202 million euro at the balance sheet date (no balance at December 31, 2014) and refer:

- for 200 million euro to some assets and asset items of Edipower S.p.A., which were reclassified following the signing of an agreement between A2A S.p.A. and Cellina Energy, a company wholly owned by Società Elettrica Altoatesina S.p.A. (SEL), which approved the project for the non-proportional demerger of Edipower S.p.A. whose objective is the overall reorganization of the ownership structure of the company; thus, at the outcome of the transaction, A2A S.p.A. will hold 100% of Edipower in order to allow over time a more systematic valuation of the various assets, even through a different strategic management and a different sharing of related values. The scope of assets of the spin-off refers to the assets of the hydroelectric plant chain of the Cellina Stream as well as 18 so-called “mini-hydro” plants. For further information, refer to the paragraph “Significant events after September 30, 2015”;
- for 2 million euro to the reclassification of assets owned by the company SEASM S.r.l. consisting of a 380 kV electrical substation called “Voghera” and intended to connect to the national electricity transmission network (RTN) the thermoelectric plant of Voghera Energia.

EQUITY AND LIABILITIES

Equity

Equity, which amounted to 3,323 million euro at September 30, 2015 (3,179 million euro at December 31, 2014), is set out in the following table:

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015
Equity pertaining to the Group:			
Share capital	1,629	-	1,629
(Treasury shares)	(61)	-	(61)
Reserves	1,048	(119)	929
Group result of the period/year	(37)	274	237
Total equity pertaining to the Group	**2,579**	**155**	**2,734**
Minority interests	600	(11)	589
Total equity	**3,179**	**144**	**3,323**

The overall change in equity, an increase of 144 million euro, is due to the profit of the period of 237 million euro, the distribution of the dividend for 113 million euro, the measurements under IAS 32 and IAS 39 of cash flow hedge derivatives, changes in the IAS 19 Revised reserve "Employee benefits" and changes in minority interests.

13) Share capital

"Share capital" amounts to 1,629 million euro and consists of 3,132,905,277 ordinary shares each of nominal value 0.52 euro.

14) Treasury shares

"Treasury shares", which amounted to 61 million euro, unchanged over December 31, 2014, consist of 26,917,609 own shares held by the parent company A2A S.p.A..

15) Reserves

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015
Reserves	**1,048**	**(119)**	**929**
of which:			
Changes in the fair value of cash flow hedge derivatives	(68)	22	(46)
Tax effect	17	(6)	11
Cash flow hedge reserve	**(51)**	**16**	**(35)**
Change in the IAS 19 Revised reserve - Employee Benefits	(82)	23	(59)
Tax effect	20	(5)	15
IAS 19 Revised reserve - Employee Benefits	**(62)**	**18**	**(44)**

"Reserves", which amounted to 929 million euro (1,048 million euro at December 31, 2014), consist of the legal reserve, extraordinary reserves, and the retained earnings of subsidiaries.

This item also includes the negative cash flow hedge reserve of 35 million euro which arises from the period-end measurement of derivatives qualifying for hedge accounting.

The balance also includes negative reserves of 44 million euro arising from the adoption of IAS 19 Revised "Employee Benefits" which requires actuarial profits and losses to be recognized directly in an equity reserve.

Lastly, the item also includes the effects of applying paragraph 23 of IAS 32 to the put options agreed between A2A S.p.A. and Società Elettrica Altoatesina S.p.A. (SEL) and the effects arising from the "Framework Agreement" entered into between the parent A2A S.p.A. and the financial shareholders of Edipower S.p.A. (Mediobanca, Fondazione CRT and Banca Popolare di Milano) based on the shares of Edipower S.p.A.. As discussed in the section "Consolidation policies and procedures", the change between the present value of the exercise price for these put options compared to the previous year that are not related to the mere unwinding of the present value and the carrying amount of minority interests is deducted from Group equity (if positive) or added to Group equity (if negative). At September 30, 2015, the effects of the put options on Edipower S.p.A. shares did not involve any changes in the Group equity.

16) Result of the period

This item consists of the profit for the period of 237 million euro.

17) Minority interests

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015
Minority interests	**600**	**(11)**	**589**

“Minority interests” amounted to 589 million euro (600 million euro at December 31, 2014) and represent the portion of capital, reserves and result pertaining to minority shareholders mainly related to third-party shareholders of EPCG.

The decrease for the period, amounted to 11 million euro, is mainly due to the reclassification to “Other current liabilities”, for 20 million euro, of the portion of equity of minority shareholders of the EPCG Group in relation to the return of the share capital approved by the Shareholders’ Meeting of EPCG on June 30, 2015, as further described in the paragraph “Significant events during the period”.

LIABILITIES

Non-current liabilities

18) Non-current financial liabilities

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015	*of which included in the NFP*	
				12 31 2014	*09 30 2015*
Non-convertible bonds	2,988	68	3,056	*2,988*	*3,056*
Due to banks	941	(219)	722	*941*	*722*
Finance lease payables	2	(1)	1	*2*	*1*
Total non-current financial liabilities	**3,931**	**(152)**	**3,779**	***3,931***	***3,779***

"Non-current financial liabilities", which amounted to 3,779 million euro (3,931 million euro at December 31, 2014), decreased by 152 million euro.

"Non-convertible bonds" regard the following:

- a thirty-year bond in yen issued on August 10, 2006 bearing interest at a fixed rate of 5.405% and having a carrying amount, measured at amortized cost, of 98 million euro;
- a seven-year bond issued on November 2, 2009 bearing interest at a nominal fixed rate of 4.50% and having a carrying amount of 534 million euro. It has been partially redeemed as a result of the early repurchase of nominal 258 million euro carried out in February 2015 and the previous partial repurchase in July 2013 for nominal 238 million euro. The nominal value of this bond is currently 503 million euro. The accompanying derivative has been accounted for as a fair value hedge and accordingly the bond is measured at amortized cost adjusted for the change in fair value of the underlying derivative;
- a seven-year bond having a nominal value of 750 million euro issued on November 28, 2012 bearing interest at a nominal fixed rate of 4.50% and having a carrying amount, measured at amortized cost, of 746 million euro;
- a seven and a half year bond having a nominal value of 500 million euro issued on July 10, 2013 bearing interest at a nominal fixed rate of 4.375% and having a carrying amount, measured at amortized cost, of 495 million euro;
- a ten-year bond having a nominal value of 300 million euro issued though a private placement on December 4, 2013 bearing interest at a nominal fixed rate of 4.00% and having a carrying amount, measured at amortized cost, of 299 million euro;
- a bond with a term of eight years and one month having a nominal value of 500 million euro issued on December 13, 2013 bearing interest at a nominal fixed rate of 3.625% and having a carrying amount, measured at amortized cost, of 496 million euro;

- a ten-year bond having a nominal value of 300 million euro issued on February 25, 2015 bearing interest at a nominal fixed rate of 1.750% and having a carrying amount, measured at amortized cost, of 296 million euro.

The increase in the non-current component of the "Non-convertible bonds", amounting to 27 million euro compared to December 31, 2014 is mainly due to the partial repurchase of the bond due 2016 and the new ten-year bond issue in February 2015, the resulting changes in amortized costs and the change in the fair value hedge.

Interest of 92 million euro (52 million euro at December 31, 2014) accrued on the bonds at September 30, 2015.

Non-current "Due to banks" amounted to 722 million euro, a decrease of 219 million euro mainly related to the voluntary early repayment of the 200 million euro loan of Cassa Depositi e Prestiti carried out in June.

"Finance lease payables" amounted to 1 million euro (2 million euro at December 31, 2014).

19) Employee benefits

The balance on this item amounted to 332 million euro (369 million euro at December 31, 2014) with changes as follows during the period:

Millions of euro	Balance at 12 31 2014	Accruals	Utilizations	Other changes	Balance at 09 30 2015
Employee leaving entitlement (TFR)	182	18	(10)	(25)	165
Employee benefits	187	-	(7)	(13)	167
Total employee benefits	**369**	**18**	**(17)**	**(38)**	**332**

Other changes mainly refer to the payments made to INPS and supplementary pension funds, as well as the recognition of actuarial differences.
Technical valuations were carried out on the basis of the following assumptions:

	09 30 2015	12 31 2014
Discount rate (*)	from 0.35% to 1.99%	from 0.29% to 1.49%
Annual inflation rate	from 0.6% to 2.0%	from 0.6% to 2.0%

(*) The discount rate used by the Group varies from company to company on the basis of the average financial term of the bond.

The discount rate used is that corresponding to Iboxx Corporate AA.

20) Provisions for risks, charges and liabilities for landfills

Millions of euro	Balance at 12 31 2014	Provisions net of releases	Utilizations	Other changes	Balance at 09 30 2015
Provisions for risks, charges and liabilities for landfills	**498**	**51**	**(18)**	**1**	**532**

These provisions totalled 532 million euro at September 30, 2015 (498 million euro at the previous year end). Provisions had a net effect of 51 million euro, resulting from charges for the period of 72 million euro less the release of provisions of 21 million euro recognized in previous years for certain disputes that have been superseded. For further details, refer to Note 31 of the comment of the Income Statement items "Depreciation, amortization, provisions and write-downs". The utilizations of 18 million euro mainly refer to the use of provisions for payments made during the period.

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

Provisions of the period were affected by the provision subsequent to the filing of the Award related to compensation for damages in favour of Pessina Costruzioni in relation to the dispute for ASM Novara S.p.A.. For further information, reference shall be made to the specific paragraph in "Other information – Asm Novara S.p.A. dispute".

21) Other non-current liabilities

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015	*of which included in the NFP*	
				12 31 2014	*09 30 2015*
Other non-current liabilities	296	(229)	67	-	-
Non-current derivatives	68	(20)	48	*68*	*48*
Total other non-current liabilities	**364**	**(249)**	**115**	***68***	***48***

At September 30, 2015, this item had decreased by 249 million euro compared to the balance at the end of the previous year. "Non-current derivatives" amounted to 48 million euro and the negative change of 20 million euro compared to the previous year-end is mainly due to the fair value valuation of financial instruments at period-end. "Other non-current liabilities", which showed a balance of 67 million euro mainly relate to security deposits from customers for 51 million euro as well as other non-current liabilities for 16 million euro. The decrease is mainly due to the reclassification to the item "Liabilities directly associated with non-current assets held for sale" of payables to third parties for the valorization of the put options on the shares of Edipower S.p.A. for 235 million euro. For further details, refer to the specific paragraph "Consolidation policies and procedures".

Current liabilities

22) Trade payables and other current liabilities

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015	*of which included in the NFP*	
				12 31 2014	*09 30 2015*
Advances	5	2	7	-	-
Trade payables	1,249	(263)	986	-	-
Total trade payables	**1,254**	**(261)**	**993**	**-**	**-**
Payables to social security institutions	38	(13)	25	-	-
Other current liabilities	506	(45)	461	-	-
Current derivatives	67	(13)	54	-	-
Total other current liabilities	**611**	**(71)**	**540**	**-**	**-**
Total trade payables and other current liabilities	**1,865**	**(332)**	**1,533**	**-**	**-**

"Trade payables and other current liabilities" amounted to 1,533 million euro (1,865 million euro at December 31, 2014), representing an overall decrease of 332 million euro which arose mainly from both the decrease in "Trade payables" and the decrease in "Other current liabilities" and "Current derivatives". "Other current liabilities" mainly refer to amounts due to employees for 76 million euro at September 30, 2015 against 83 million euro at December 31, 2014, amounts due to the Electricity Sector Equalisation Fund for 85 million euro at September 30, 2015 (unchanged over December 31, 2014), amounts due to the tax authorities for VAT, excise duties and withholding taxes that amounted to 60 million euro at September 30, 2015 against 89 million euro at December 31, 2014, amounts due to the Electricity Services Operator (GSE) for tariff components for 123 million euro at September 30, 2015 (97 million euro at December 31, 2014), and 20 million euro for the reclassification from "Minority interests" of the portion that will be recognized to the minority shareholders of EPCG.

23) Current financial liabilities

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015	*of which included in the NFP*	
				12 31 2014	*09 30 2015*
Non-convertible bonds	-	-	-	-	-
Due to banks	121	(26)	95	121	95
Finance lease payables	1	-	1	1	1
Financial payables to related parties	3	(2)	1	3	1
Total current financial liabilities	**125**	**(28)**	**97**	**125**	**97**

"Current financial liabilities" amounted to 97 million euro, compared to 125 million euro at the end of the previous year.

24) Tax liabilities

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015
Tax liabilities	**2**	**47**	**49**

"Tax liabilities" amounted to 49 million euro (2 million euro at December 31, 2014) representing an increase of 47 million euro over the previous year-end.

25) Liabilities directly associated with non-current assets held for sale

Millions of euro	Balance at 12 31 2014	Changes during the period	Balance at 09 30 2015	*of which included in the NFP*	
				12 31 2014	*09 30 2015*
Liabilities directly associated with non-current assets held for sale	-	257	257	-	-

This item had a balance of 257 million euro at September 30, 2015 (zero balance at December 31, 2014) and mainly refers to the reclassification of payables to third parties for the valorization of the put options on the shares of Edipower S.p.A. for 235 million euro as well as liabilities held for sale of Edipower S.p.A. related to the agreement signed between A2A S.p.A. and Cellina Energy, a company wholly owned by Società Elettrica Altoatesina S.p.A., which approved the project for the non-proportional demerger of Edipower as described further in Note 12 of these Notes, to which reference is made.

Net debt

26) Net debt

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

The following table provides details of net debt.

Millions of euro	Notes	09 30 2015	12 31 2014
Bonds – non-current portion	18	3,056	2,988
Bank loans – non-current portion	18	722	941
Finance leases – non-current portion	18	1	2
Other non-current liabilities	21	48	68
Total medium/long-term debt		**3,827**	**3,999**
Non-current financial assets – related parties	3	(6)	(7)
Financial assets – non-current portion	3	(57)	(50)
Other non-current assets	5	(32)	(34)
Total medium/long-term financial receivables		**(95)**	**(91)**
Total non-current net debt		**3,732**	**3,908**
Bonds – current portion	23	-	-
Bank loans – current portion	23	95	121
Finance leases – current portion	23	1	1
Current financial liabilities – related parties	23	1	3
Other current liabilities	22	-	-
Total short-term debt		**97**	**125**
Other current financial assets	9	(134)	(126)
Current financial assets – related parties	9	(5)	-
Other current assets	8	-	-
Total short-term financial receivables		**(139)**	**(126)**
Cash and cash equivalents	11	(514)	(544)
Cash and cash equivalents included in AFS assets	12	(38)	-
Total current net debt		**(594)**	**(545)**
Net debt		**3,138**	**3,363**

Notes to the income statement

Following the acquisition in the second quarter of the year of additional shareholdings, the companies Bellisolina S.r.l., Bergamo Servizi S.r.l. and SED S.r.l., previously accounted for using the equity method, as of June 2015, were fully consolidated, as further described in the paragraph "Scope of consolidation".

The relative Income Statement items for operating revenues and expense and the financial balance of the company SEASM S.r.l. held 67% by A2A S.p.A., previously fully consolidated, were reclassified, as it is a discontinued operations in accordance with IFRS 5, to "Net result from discontinued operations" following the management's decision to divest. It is specified that the impact on the Income Statement of this reclassification is not significant because less than one million euro.

With reference to the economic items of Edipower S.p.A. subject of the agreement signed between A2A S.p.A. and Cellina Energy, a company wholly owned by Società Elettrica Altoatesina S.p.A., which approved the project for the non-proportional demerger of Edipower S.p.A., has not proceeded to any economic reclassification, as it is an operation considered as a disposal group in accordance with IFRS 5.

27) Revenues

Revenues for the period totalled 3,638 million euro (3,632 million euro at September 30, 2014) and therefore increased by 6 million euro.

Details of the more significant items are as follows:

Revenues - *Millions of euro*	**09 30 2015**	**09 30 2014**
Revenues from the sale of goods	2,937	2,903
Revenues from services	564	546
Revenues from long-term contracts	14	15
Total revenues from the sale of goods and services	**3,515**	**3,464**
Other operating income	**123**	**168**
Total revenues	**3,638**	**3,632**

“Revenues from sale of goods and services” amounted in total to 3,515 million euro (3,464 million euro in the same period of the previous year), which was an increase of 51 million euro. This change reflects the higher revenues (34 million euro) generated from the sale of goods, the increase in revenues from services (18 million euro) and the decrease in revenues from long-term contracts (1 million euro).

“Other operating income” amounted to 123 million euro, which was a decrease of 45 million euro compared to the first nine months of the previous year.

Further details of the main items are as follows:

Millions of euro	09 30 2015	09 30 2014
Sale and distribution of electricity	2,067	2,136
Sale and distribution of gas	597	582
Sale of heat	110	100
Sale of materials	9	4
Sale of water	35	36
Sales of emission certificates and allowances	99	24
Connection contributions	20	21
Total revenues from the sale of goods	**2,937**	**2,903**
Services to customers	564	546
Total revenues from services	**564**	**546**
Revenues from long-term contracts	**14**	**15**
Total revenues from the sale of goods and services	**3,515**	**3,464**
Other operating income	**123**	**168**
Total revenues	**3,638**	**3,632**

Further details on the reasons for the performance of revenues relating to the various Business Units can be found in the paragraph “Result by sector”.

28) Operating expenses

“Operating expenses” amounted to 2,361 million euro (2,372 million euro in the corresponding period of the previous year), representing a decrease of 11 million euro.

The main components of this item are as follows:

Operating expenses - *Millions of euro*	09 30 2015	09 30 2014
Expenses for raw materials and consumables	1,665	1,667
Service costs	514	516
Total expenses for raw materials and services	**2,179**	**2,183**
Other operating expenses	**182**	**189**
Total operating expenses	**2,361**	**2,372**

"Total expenses for raw materials and services" amounted to 2,179 million euro (2,183 million euro at September 30, 2014), decreasing by 4 million euro.

This decrease is due to the combined effect of the following factors:

- a decrease of 2 million euro in costs for delivery, subcontracted work and services;
- an increase of 40 million euro in the change in stocks of fuels and materials;
- a decrease of 42 million euro in the purchase of raw materials and consumables, due to a decrease of 36 million euro in costs for the purchase of power and fuel, a decrease of 13 million euro for the purchase of materials, a decrease of 2 million euro in the cost of purchasing water, an increase of 7 million euro in costs relating to the purchase of emission certificates and allowances and the net effect of 2 million euro arising from hedging gains/losses on operating derivatives.

The following table sets out details of the more significant components:

Millions of euro	09 30 2015	09 30 2014
Purchases of power and fuel	1,568	1,604
Purchases of materials	52	65
Purchases of water	2	4
Hedging losses on operating derivatives	6	2
Hedging gains on operating derivatives	(7)	(5)
Purchases of emission certificates and allowances	47	40
Total expenses for raw materials and consumables	**1,668**	**1,710**
Delivery, subcontracted work and services	514	516
Total service costs	**514**	**516**
Change in inventories of fuel and materials	(3)	(43)
Total expenses for raw materials and services	**2,179**	**2,183**
Other operating expenses	**182**	**189**
Total operating expenses	**2,361**	**2,372**

Trading margin

The following table sets out the results arising from the trading portfolio; these figures relate to trading in electricity, gas and environmental certificates.

Trading margin - *Millions of euro*	Notes	09 30 2015	09 30 2014
Revenues	27	872	1,441
Operating expenses	28	(862)	(1,425)
Total trading margin		**10**	**16**

29) Labour costs

Net of capitalized expenses, labour costs at September 30, 2015 amounted to 463 million euro (477 million euro at September 30, 2014). The decrease compared to the same period of the previous year was mainly due to lower mobility costs that had been recognized to the income statement in the corresponding period of 2014 for about 10 million euro. The "average workforce" of the A2A Group at September 30, 2015 amounted to 12,300 resources compared to 12,248 resources at September 30, 2014.

"Labour costs" may be analyzed as follows:

Labour costs - *Millions of euro*	**09 30 2015**	**09 30 2014**
Wages and salaries	309	308
Social security charges	119	118
Employee leaving entitlement (TFR)	18	19
Other costs	17	32
Total labour costs	**463**	**477**

30) Gross operating income

As a result of the above movements, consolidated "Gross operating income" at September 30, 2015 amounted to 814 million euro (783 million euro at September 30, 2014).

Further details may be found in the section "Results by sector".

31) Depreciation, amortization, provisions and write-downs

"Depreciation, amortization, provisions and write-downs" totalled 360 million euro (364 million euro at September 30, 2014), representing a decrease of 4 million euro.

The following table provides details of the individual items:

Depreciation, amortization, provisions and write-downs - *Millions of euro*	**09 30 2015**	**09 30 2014**
Amortization of intangible assets	47	45
Depreciation of tangible assets	250	301
Other write-downs of fixed assets	-	2
Total amortization, depreciation and write-downs	**297**	**348**
Provisions for risks and charges	51	2
Bad debt provision (receivables recognized as current assets)	12	14
Total depreciation, amortization, provisions and write-downs	**360**	**364**

“Depreciation, amortization and write-downs” amounted to 297 million euro (348 million euro in the corresponding period of the previous year), a decrease of 51 million euro resulting primarily from the decrease in depreciation of fixed assets as a result of write-downs at the end of the previous year for 29 million euro, as well as the review of the remaining useful lives of the thermoelectric plants for 16 million euro. Depreciation is calculated on the basis of technical and economic rates considered representative of the remaining useful life of the related tangible assets.

Regarding the recognition of the provisions of the “Growth Decree” which lays down procedures for calculating the surrender value of the water system works used to supply water under concession to hydroelectric power plants (the “wet works”), the calculation criteria (revaluation coefficients and useful lives) needed to quantify the surrender value at the end of the relative concessions have not been set yet by the relevant authorities. In the absence of a regulatory framework, the A2A Group carried out a series of simulations estimating the revaluations using ISTAT coefficients, which were found to be the only possible data objectively usable, and made its own estimates of the economic and technical lives of the assets. The results of these simulations led to a very wide variability range, confirming that it is currently impossible to make a reliable estimate of the surrender values at the end of the concessions. Nevertheless, for concessions close to expiry the net carrying amount of the wet works was significantly lower than the range of results obtained. As a result, therefore, since June 30, 2012, depreciation and amortization is no longer charged only for those concessions nearing expiry, while the same valuation methods continue to be applied to the remaining concessions.

The balance of “Provisions for risks and charges” shows a net effect of 51 million euro (2 million euro at September 30, 2014) due to allocations of 72 million euro made during the period, offset by the 21 million euro of risk provisions made in previous years, released in the current year since the original disputes have ceased to exist. Provisions for the period mainly refer to: 49 million euro for legal disputes, 5 million euro for water derivation fees, 9 million euro for tax disputes and disputes with social security institutions; the release of provisions refer to: 9 million euro for landfill environmental recovery charges and extraordinary maintenance, 5 million euro for releases related to tax and legal disputes, as well as other provisions and releases for a total of 2 million euro.

Provisions of the reporting period were affected by the provision subsequent to the filing of the Award related to compensation for damages in favour of Pessina Costruzioni in relation to the dispute for ASM Novara S.p.A. For further information, reference shall be made to the specific paragraph in “Other information – Asm Novara S.p.A. dispute”.

The “Bad debt provision” amounted to 12 million euro (14 million euro at September 30, 2014), consisting of the accrual for the period.

32) Net operating income

"Net operating income" amounted to 454 million euro (419 million euro at September 30, 2014).

33) Result from non-recurring transactions

The "Result from non-recurring transactions" was negative for 1 million euro and is related to the subsidiary EPCG (positive for 11 million euro at September 30, 2014).

34) Financial balance

The "Financial balance" closed with net expense of 107 million euro (net expense of 132 million euro at September 30, 2014).

Details of the more significant items are as follows:

Financial balance - *Millions of euro*	09 30 2015	09 30 2014
Financial income	15	15
Financial expenses	(125)	(154)
Affiliates	3	7
Total financial balance	**(107)**	**(132)**

"Financial expense", which amounted to 125 million euro, decreased by 29 million euro over the balance at September 30, 2014, and may be analyzed as follows:

Financial expense - *Millions of euro*	09 30 2015	09 30 2014
Interest on bond loans	94	103
Interest charged by banks	11	15
Interest on Cassa Depositi e Prestiti loans	2	6
Fair value of derivatives	(3)	5
Realized losses on derivatives	11	10
Decommissioning costs	1	2
Other financial expense	9	13
Total financial expense	**125**	**154**

"Gains and losses on valuation of investments using the equity method" was positive for 3 million euro (positive for 7 million euro at September 30, 2014) and is mainly due to the valuation at equity method of the investment in ACSM-AGAM S.p.A..

35) Income taxes

Income taxes - *Millions of euro*	**09 30 2015**	**09 30 2014**
Current taxes	71	76
Deferred tax assets	60	98
Deferred tax liabilities	(34)	(47)
Total income taxes	**97**	**127**

"Income taxes" for the period amounted to 97 million euro (127 million euro at September 30, 2014).

As a reminder, following Ruling 10/2015 of the Constitutional Court, which declared the additional IRES of 6.50% (so called "Robin Hood Tax") to be unconstitutional, with effect from February 12, 2015, these financial statements do not present any effect relative to that tax, as the deferred taxes allocated to the temporary differences generated in previous years were entirely reversed in the year 2014. The Interim Report on Operations at September 30, 2014, on the other hand, implemented the effects of the additional tax.

It should also be noted that, following the provisions of art. 1, subsection 20, of Law no. 190 of December 23, 2014 ("2015 Stability Law"), the entire labour cost relative to employees with permanent contracts shall be deducted from the IRAP for the current tax period with the resulting benefits, compared to the previous year, on current taxes as well as deferred tax assets recorded against the employee benefits fund. Again referring to IRAP, taxes for previous years and those for the period incorporate the new calculation criteria, based on the application of article 6, subsection 9, of Legislative Decree no. 446 of December 15, 1997, (so called "industrial holdings" method), introduced following positive confirmation from the Revenue Agency of the specific consult request submitted by A2A.

36) Group result of the period

The "Group result of the period", stated after attributing a loss of 12 million euro to minority interests (a loss of 12 million euro at September 30, 2014), amounted to a profit of 237 million euro (a profit of 159 million euro at September 30, 2014).

Earnings per share

37) Earnings per share

	01 01 2015 09 30 2015	01 01 2014 09 30 2014
Earnings (loss) per share (euro)		
- basic	0.0762	0.0512
- basic from continuing operations	0.0762	0.0512
- basic from assets held for sale	-	-
- diluted	0.0762	0.0512
- diluted from continuing operations	0.0762	0.0512
- diluted from assets held for sale	-	-
Weighted average number of outstanding shares for the calculation of earnings (loss) per share		
- basic	3,105,987,497	3,105,987,497
- diluted	3,105,987,497	3,105,987,497

Significant non-recurring events and transactions

38) Consob Communication no. DEM/6064293 of July 29, 2006

There were no atypical and/or unusual transactions during the period under review.

Guarantees and commitments with third parties

Millions of euro	09 30 2015	12 31 2014
Guarantees received	461	453
Guarantees given	1,594	1,340

Guarantees received

Guarantees received amounted to 461 million euro (453 million euro at December 31, 2014) and include 237 million euro for sureties and security deposits issued by subcontractors to guarantee the proper execution of the work assigned and 224 million euro for sureties and security deposits received from customers to guarantee the regularity of payments.

Guarantees provided and commitments with third parties

Guarantees provided amounted to 1,594 million euro (1,340 million euro at December 31, 2014) and relate to sureties issued as security for commitments made to third parties. These guarantees have been issued by banks for 447 million euro, insurance companies for 39 million euro and the parent company A2A S.p.A., as parent company guarantee, for 1,108 million euro.

* * *

Group companies hold third party assets under concession, relating mainly to the integrated water cycle, amounting to 66 million euro.

Other information

1) Significant events for the Group after September 30, 2015

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

2) Information on treasury shares

At September 30, 2015, A2A S.p.A. held 26,917,609 treasury shares, being 0.859% of share capital which consists of 3,132,905,277 shares, unchanged from the end of the previous year. At September 30, 2015, no treasury shares were held through subsidiaries, finance companies or nominees.

3) Transactions as per IFRS 3 Revised

In the first nine months of 2015, the Group has finalized the transactions concerning the acquisition of additional shares that led to: 100% shareholding in the share capital of Bergamo Servizi S.r.l. and Bellisolina S.r.l., and 80% shareholding in the share capital of SED S.r.l.; these transactions are classified as business combinations in accordance with international accounting standard IFRS 3 Revised "Business Combinations".

IFRS 3 Revised requires all business combinations to be accounted for using the acquisition method. The acquirer must therefore recognize all the identifiable assets, liabilities and contingent liabilities relating to the acquisition at their fair values at the acquisition date and also recognize any goodwill, which instead of being amortized is subsequently submitted to impairment testing.

In particular, IFRS 3 Revised contains the following definitions:

- a "business combination" is a transaction in which a single entity (the acquirer) obtains control of one or more distinct entities or businesses (the acquisition);

- "control" as defined by IFRS 10;
- the "acquirer" is the combining entity that obtains control of the other entities or businesses;
- the "cost of the combination" is the aggregate of:
  1. the fair values, at the date of exchange, of assets acquired, liabilities incurred or assumed, and equity instruments issued by the acquirer and
  2. any costs directly attributable to the business combination;
- "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction;
- the "acquisition date" is the date on which the acquirer effectively obtains control of the acquisition;
- the "date of exchange" is the date of each exchange transaction.

In the second quarter of the 2015, A2A Ambiente S.p.A., company controlled 100% by A2A S.p.A., acquired the additional 50% in Bellisolina S.r.l., thus bringing the shareholding in the company to 100%, acquired 30% in the share capital of SED S.r.l., bringing the shareholding in the company to 80%.

Also in the second quarter of 2015, Aprica S.p.A., a company controlled 100% by A2A Ambiente S.p.A., acquired the remaining 50% of the share capital of Bergamo Servizi S.r.l., thus bringing the shareholding in the company to 100%.

As this was a business combination, the Group fully consolidated the company, using the acquisition method required by IFRS 3, from the second quarter of 2015.

The application of the acquisition method led to the recognition of the assets and liabilities acquired at fair value, based on the agreement between the parties.

The accounting resulted in a purchase price allocation process, which led to the allocation of a higher value of 0.1 million euro on the asset of SED S.r.l. and a higher value of 0.1 million euro on the asset of Bergamo Servizi S.r.l..

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

The items "Non-current assets held for sale" and "Liabilities directly associated with non-current assets held for sale" at September 30, 2015, implement the reclassification of certain assets of Edipower S.p.A., related liabilities and the debt of the put options on Edipower S.p.A. shares, as part of agreement signed on October 26, 2015 between A2A S.p.A. and Cellina

Energy, a company wholly owned by Società Elettrica Altoatesina (SEL), which approved the project for the non-proportional demerger of Edipower S.p.A. whose objective is the overall reorganization of the ownership structure of the company; thus, at the outcome of the transaction, A2A S.p.A. will hold 100% of Edipower S.p.A. in order to allow over time a more systematic valuation of the various assets, even through a different strategic management and a different sharing of related values. The scope of assets of the spin-off refers to the assets of the hydroelectric plant chain of the Cellina Stream as well as 18 so-called "mini-hydro" plants. For further information, refer to the paragraph "Significant events after September 30, 2015".

"Non-current assets held for sale" also include the reclassification of assets owned by the company SEASM S.r.l. consisting of a 380 kV electrical substation called "Voghera" and intended to connect to the national electricity transmission network (RTN) the thermoelectric plant of Voghera Energia.

There was no need for the reclassified balances in either of the above transactions to be written down.

Summarized figures relating to these assets and liabilities are as follows.

Figures at September 30, 2015 *Millions of euro* **ASSETS AND LIABILITIES HELD FOR SALE**	**Assets Edipower S.p.A.**	**Assets SEASM S.r.l.**	**Total**
Non-current assets	162	2	164
Current assets	38	-	38
Total assets	**200**	**2**	**202**
Non-current liabilities	257	-	257
Current liabilities	-	-	-
Total liabilities	**257**	**-**	**257**

It is specified that the impact on the income statement of the reclassification of revenues, operating costs and financial balance of the company SEASM S.r.l. is not significant because less than one million euro.

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

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

EC infringement procedure

On June 5, 2002, the European Commission published Decision no. 2003/193/EC stating that the three-year exemption from income tax provided by article 3 paragraph 70 of Law no. 549/95 and article 66.14 of Decree Law no. 331/1993, converted into Law no. 427/93, is incompatible with community law, considering this to be "State aid" which is prohibited by article 87.1 of the EC Treaty.

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

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

The situation regarding pending matters is as follows:

- Sentence regarding the First recovery. The verdict has been finalized following the sentence of the first instance rejecting the company's appeal.
- Sentence regarding the Second recovery. Following the adverse sentence of the Regional Tax Commission the company filed an appeal with the Supreme Court. The case is awaiting discussion.
- Sentence regarding the Third recovery. Following the adverse sentence of the Regional Tax Commission the company filed an appeal with the Supreme Court. The appeal was discussed on November 14, 2013 before the Tax Section. By way of an ordinance published on February 13, 2014, the court suspended the case and ordered that the records be passed to the European Court of Justice, raising a question of a preliminary ruling pursuant to article 267 of the Treaty of the Functioning of the European Union concerning the way in which the interest due on the recovery of the aid should be calculated. The company has made an appearance before the court and filed a brief; the Italian State and the European Commission have done the same, taking a position in opposition to the company. The related proceedings are registered under number C-89/14.

As of today, therefore, the question concerning the quantification of the interest due on the amounts to be recovered is still pending in cassation (whether the interest is compound or simple interest), related to the Second and Third recovery. On this point, the interpretation made by the European Court of Justice is binding on national courts. On March 26, 2015, the Attorney General at the Court of Justice, Melchior Wathelet, submitted his non-binding conclusions to the Court. According to the Attorney General, European legislation does not preclude that national legislation provides for the application of compound interest to a recovery action for illegal aid. However, the same Attorney General found that before 2008, neither European nor national legislation envisaged the application of compound interest for recovery activities.

By sentence ruled on September 3, 2015, the EU Court substantially transposed the opinion of the Attorney General, considering that a national legislation regarding interest on the recovery of State aid, which provides for the application of compound interest, is not contrary to European law. However, the Court highlighted that – before 2008 – no legislation (European and national) provided for the application of compound interest for the recovery of State aid relating to Decisions issued – as in this case – before the entry into force of Reg. no. 794/2004.

Following this binding sentence on the national court, the proceedings in cassation on the Third recovery suspended following the prejudicial referral to the Court of Justice, will resume its course.

In any case, concerning the position of A2A, as all the amounts requested were settled some time ago, it is believed that once the pending disputes are completed the company should not have to bear any further costs for the recovery of State aid.

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

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

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

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

A2A S.p.A. has always instructed legal counsel to settle the case and has recently expressed its willingness to increase previous offers to cover the costs of the suit, although awaiting a specific figure that can then be assessed, also showing its availability to listen to and consider incremental requests. To date, specific requests are pending, considering that the Court urged the parties to find a settlement solution in recent months. Redengas, a subsidiary of

HISA, the shares of which are subject to a lien by Consult Latina, has filed a new suit to call for the removal of the lien on the shares that remains in Consul Latina's favour; legal counsel has advised that the legal counsel of Redengas has announced that it will file a counter suit against A2A S.p.A. and Consul Latina, but several months later this has still to be notified. On June 3, 2014 the court rejected the suit filed by A2A S.p.A. and Consul Latina to remove the sequestration ordered by the judge at the request of Consul Latina on the present and future shares of Redengas, and A2A S.p.A. has filed an appeal.

The Court convened the parties in a council chamber which was held December 18, 2014 to verify the conditions of a conciliation or transaction; following the discussion, the Court has set a new discussion session for February 19, 2015 to receive indications from the parties; in view of subsequent postponements requested by Consul Latina, the date of said hearing is fixed for May 8, 2015, with a further postponement to June 4, August 4, 2015, and October 29.

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

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

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

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

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

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

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

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

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

In view of the intervening bankruptcy of Eurosviluppo Industriale and the process issues raised during such declaration, the Board issued a decision dated November 13, 2012 ordering that the hearing set for November 20, 2012 should not be devoted to an attempt at reaching a settlement and, therefore, would not include the presence of the parties.At the hearing on November 20, 2012, the Board set the deadline for filing the award as July 4, 2013; also, the deadlines for the parties to file briefs were set as December 20, 2012 and January 31, 2013, and February 20, 2013 was set for the hearing date for discussion, to be held at the office of the Chairman of the Board. At the hearing of February 22, 2013 (the hearing was adjourned from February 20 to February 22 due to a commitment of the Chairman of the Arbitration

Board), the Board issued an order requesting A2A S.p.A. and E.ON Europa S.L. to add to their respective attorneys to remedy all possible defects by March 20, 2013, and set March 20, 2013 and April 5, 2013 as the new final dates for the filing of briefs and replies to clarify and explain their respective positions. Subsequent to these obligations, the Board reserved the right to issue an order. On June 5, 2013, the Board filed an order in which it set July 22, 2013 as the date of the hearing for an attempt to reach a settlement and for questioning by the parties; given the deadline of July 4, 2013 previously set for the filing of the decision, the Board made an application to the Chamber for the granting of a reasonable extension.

At the end of the hearing of July 22, 2013, in which the questioning by the parties took place and the absence of the conditions for reaching a settlement was confirmed, the Chamber set a deadline of September 30, 2013 for filing documents and drawing up preliminary motions and October 21, 2013 for any submissions in reply from the lawyers. On October 2, 2013 the Chamber of Arbitration noted that S.F.C. S.A. and the bankruptcies had not paid the contributions requested in July and as of today the proceeding is suspended. On October 22, 2013, S.F.C. S.A., in breach of the terms of the arbitration and the questions raised by the Arbitration Board, filed an appraisal arranged on its behalf having technical content. In a decision on November 27, 2013, the Board ordered an expert witness to verify the co- generation capabilities of the plant and appointed as the expert witness Mr. L. Guizzi. The company appointed Mr. Massardo as its own expert witness, S.F.C. S.A. Mr. Ambrogio and Mr. Lazzeri. After the hearing of January 22, 2014 for formalities relating to the appointment of the expert witnesses, the Board set a deadline of June 16, 2014 for the filing of the related report. The report was filed within the legal terms and contained confirmation of the arguments of A2A S.p.A. and E.ON Europa S.L.. The continuation of the arbitration may be affected by the fact the S.F.C. S.A., Eurosviluppo Industriale S.p.A. and Consorzio Eurosviluppo S.c.a.r.l. have failed to pay the arbitration fees: the judgment of the Chamber of Arbitration is pending. On February 4, 2015, the Arbitration Board set new terms for the expert witness and the parties for replies following the filing of a further technical brief of S.F.C. S.A. to then set the hearing for April 23, 2015. The Chamber of Arbitration ordered the postponement of the deadline for filing the award. At the hearing on April 23, 2015, the board set new terms for briefs and a hearing date if requested by the parties at September 23. A hearing was not requested and it is therefore necessary to wait for the filing of the award. The Chamber of Arbitration set a new deadline for the filing of the award on February 1, 2016.

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

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

(ii) compensation for damages for the stoppage at the worksite and the failure to return the areas of pertinence to the Consortium.

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

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

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

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

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

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

The judge found the bankruptcy was legitimate as S.F.C. S.A. and therefore set the end of the proceedings and the hearing for December 19, 2012, declaring the need to execute an expert opinion on a number of points, indicating the questions to put to the expert and setting May 23, 2013 as the date for the hearing to appoint the court’s expert witness. At that hearing the judge, changed in the meantime, confirmed the questions already formulated on December 19, 2012 and appointed the court experts Messrs. Pompili and Caroli, setting a term for the parties to appoint their own consultants. The start of the experts’ work was scheduled as June

18, 2013, with a deadline of 180 days after that date. A2A S.p.A. and Ergosud S.p.A. appointed as their experts Mr. Massardo and Mr. Gioffrè, persons who over the years have already drawn up reports on the matters to which the questions refer. The deadline for the expert's filing was postponed. The court experts Messrs. Pompili and Caroli submitted their reports within the term set for their observations, confirming the defensive reasoning of Ergosud S.p.A. and A2A S.p.A.; the parties' experts had until June 30, 2014 to submit their observations and their reports were filed with the court on July 31, 2014. The hearing date was fixed for January 22, 2015 to review the expert's report and then postponed to April 1, 2015. At said hearing, the hearing for clarification of conclusions has been scheduled for November 30, 2016.

CIP 6 auxiliary services

This matter regards the usage of electricity for auxiliary services. According to the Electricity, Gas and Water Authority (AEEGSI), self-consumption by certain types of plant (waste-to-energy) should be considered in the same way as consumption for auxiliary services.

A2A Ambiente Group (*formerly the Ecodeco Group*)
With Sentences December 30, 2014 no. 6430 and December 1, 2014 no. 5946, the State Council confirmed the acts adopted by the AEEGSI respectively towards Ecolombardia 4 and A2A Ambiente (formerly Ecodeco), which prescribed the return of a portion of CIP 6/1992 incentives, as attributable - according to the non-shared reading of the AEEGSI and of State Council - to consumption for ancillary services.
At the request of the Electricity Sector Equalization Fund (CCSE), on June 30, 2015, the two companies mentioned above paid the sums allegedly paid in excess. Before the payment, the two companies nonetheless conducted verifications on the calculations and prescriptions partially defaulted. As the amounts paid do not correspond (by default) to the exact ones of the CCSE. In any case, the payment was made subject to full repetition, also in correlation to the possibility of initiating other litigations on the matter. Those disputes are still being studied by consultants.

Union Temporal De Impresas vs. the Municipality of Calig (Spain)

This proceeding involves the Union Temporal De Impresas (UTE), set up by the company that is now A2A Ambiente S.p.A., Azhar and Teconma, to build and manage an ITS treatment and disposal plant and composting line in Castellon de la Plana (Spain) as the result of being awarded the tender called by Zone 1 Consortium of Castellon. The Municipality of Calig, neighboring with Castellon, has appealed against the amendment to the agreement between the consortium and the UTE which provided for an increase in the fee of 121 million euro and 140 million euro for adjusting the plants to the specifications required in the AIA, requesting that it be annulled. In the sentence of the court of the first instance of May 21, 2013, the court upheld the appeal of the Municipality of Calig, additionally ordering, besides upholding the requests of the counterparty, the annulment of the original awarding of the tender to the UTE, with the resulting requirement for the consortium to find a new supplier.

Despite the fact that A2A Ambiente S.p.A. holds an interest of 1% in the UTE, under Spanish law, UTEs are characterized by the joint liability of their members.

The UTE, defended by the law firm Urìa Mendez, has filed an appeal against the court's sentence of June 12, 2013.

The internal legal department believes that the risk of the annulment of the original award of the tender to the UTE is remote (it was not even one of the counterparty's requests) and that the risk of losing in the matter concerning the amendment of the agreement between the consortium and the UTE, which provided for an increase in the fee as above, is possible. Losing the case would lead to a maximum potential risk for the UTE of 19 million euro. A2A Ambiente S.p.A., a member of the UTE with a 1% interest and jointly responsible, could be called to respond not only for its own interest but potentially also for a larger figure if the other members are insolvent towards the bank (it should be remembered that the UTE obtained a loan to build the plant). The figure of 19 million euro could then be further revised in the light of the conclusions of the appeal filed by the UTE against this sentence of the Regional Administrative Court.

To complete this matter trade and financial receivables of approximately 3.6 million euro due from the UTE were recognized in the financial statements of A2A Ambiente S.p.A. at September 30, 2015, which in the case of losing could become uncollectable.

Monfalcone Plant investigation

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

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

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

Nevertheless the A2A Group, and in particular A2A Trading S.r.l., may incur damages, at its sole expense, arising from the qualitative and quantitative differences in the biomasses, since there is the risk for the latter, as toller and in charge of the plant's dispatch, that on the completion of the preliminary stage it may incur increased costs for the biomasses not delivered and increased costs for incorrectly stating the calorific value of the biomasses, delivered and not delivered.

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

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

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

It was notified that the investigation had been completed.

After a previous referral, on June 29, 2015, a preliminary hearing was held during which the preliminary hearing judge (GUP) admitted to the plea agreement two of the defendants, postponing the trial for the others scheduling a hearing on October 8, 2015 before the Court of Gorizia.

Some provisions have been adopted as part of alternative rites to some of the defendants, with recognition of minimum compensation and recasts of expenses in favor of A2A.

ASM Novara S.p.A. dispute

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

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

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

The appointed arbitrators are the Lawyers Bruna Gabardi Vanoli, Marco Praino (designated by Pessina) and Salvatore Sanzo (designated by A2A S.p.A.); the hearing for the formal constitution of the board is set for July 1. After this preliminary fulfilment, the parties will specify the applications for arbitration. As a result of the hearing, by means of a summary order, the board fulfilled the requirements for it to be formally established and be able to commence work, setting the deadlines for briefs and preliminary motions and the date of the first hearing. The dates set are October 15 and December 20, 2013 and February 21, 2014 for the submission of briefs and March 5, 2014 for the first hearing. By order of October 8, 2013, the arbitration board postponed the deadline for the submission of briefs respectively to October 9, January 21, 2014 and March 25, 2014. Consequently, the hearing set for March 2014 was postponed to April 10, 2014. The arbitration will take place in the offices of the chairman of the arbitration board in Milan. At the hearing of April 10, 2014, preceded by the submission of the parties' briefs, the Board set three new deadlines for the briefs (May 20 for A2A, June 17 for Pessina and June 26 for A2A) and set the date of the merit hearing as July 11, 2014. During the hearing, the claimant requested to fix a hearing for conclusions that by order outside the hearing filed on July 22 was set for September 16, 2014. At that hearing, the board set the terms for the filing of the final statements and the date of final hearing; at the request of the parties, such terms were postponed to December 3 and January 7, 2015 for the briefs and February 3, 2015 for the hearing. At that hearing, the board ordered an extension of the deadline for filing the award to 120 days. At the end of May 2015, A2A, having had news of habitual familiarity and commensality elements between the Chair of the Arbitration Board and the lawyer of the claimant, filed at the court of Milan application for recusal of the Chair of the Arbitration Board.

In view of the news of the appeal, with Ordinance 6 issued outside the hearing on June 3, 2015, the Board suspended the filing of the award until the end of the proceeding, or until the day following the notification of the outcome of the proceeding conducted by the most diligent party.

The Delegated Chair issued an order rejecting the request condemning A2A to litigation costs to the Chair of the Board and to Pessina.

On June 30, 2015, Pessina notified the Board, in execution of Ordinance 6/15, requesting the board to summarize the pending arbitration process.

On June 30, 2015, the Board, with the dissenting opinion of the arbitrator appointed by A2A filed its award that deems A2A responsible for violation of the shareholders' agreement signed on August 4, 2007 and, consequently, the order to pay damages of 37,968,938.95 euro plus legal fees and arbitration expenses.

The company challenged the Award pursuant to art. 829 CPC before the Milan Court of Appeal. The appeal concerns: 1) nullity of the Award for violation of art. 829, paragraph 1, no. 2, CPC, in light of the lack of impartiality of the chair of the arbitration board, the lawyer Bruna Gabardi Vanoli; 2) the nullity of the Award, pursuant to art. 829, no. 4, CPC, as the arbitration board pronounced outside the limits of the arbitration agreement; 3) nullity of the Award for violation of the adversarial principle, pursuant to art. 829, no. 9 CPC, in so far as the arbitration board based its decision on art. III of the Shareholders' Agreement; 4) failure to state reasons under art. 829, no. 5 and 823, no. 5 CPC, and violation of the adversarial principle pursuant to art. 829, no. 9 CPC, as the arbitration board took its decision, excluding, for no reason, the evaluation of the documentation filed in court by A2A; 5) nullity of the Award for violation of the adversarial principle, pursuant to art. 829, no. 9 CPC, as the arbitration board decided on the basis of accepting the importance of the office of an equitable settlement of the damage, without submitting the issue to a hearing of the parties; 6) nullity of the Award pursuant to art. 829, no. 5 and 823, no. 5 CPC, as the arbitration board assessed the damages on an equitable basis pursuant to art. 1226 Civil Code, without justifying the existence of the condition for the applicability of said provision, and without justifying the existence of the damage; 7) nullity of the Award pursuant to art. 829, no. 3, as the arbitration board assessed the damages on an equitable basis pursuant to art. 1226 Civil Code, without the necessary conditions, in violation of public order. The first hearing has been set for December 16, 2015.

Simultaneously, A2A filed an appeal for suspension of of enforcement of the Award. The Court of Appeal by a decree issued by the Chair of the 1st Civil Section on July 10, 2015, without hearing the parties, suspended the enforceability of the Award until the hearing before the Board set for September 15, 2015. On joint request of the parties on September 11, 2015, said hearing was postponed to November 10, 2015.

The Group has taken into account the outcome of the Award in the establishment of appropriations to provisions for future risks and charges, despite the firm conviction of its positions.

Dispute over public water derivation fees

Derivation of public water for the production of hydroelectricity

Mese plant
By way of Regional Law no. 22/2011 the Lombardy Region effectively doubled the fee for public water for use for hydroelectric purposes, without prejudice however to the ISTAT revisions for inflation (in particular the regional law provides that starting from 2012 the unit amount of the fee due to the Region for public water utilities, as per paragraph 1, is set at 30 euro per Kilowatt of average annual nominal power).

Faced with the payment demands made by the Region for 2012 and 2013, Edipower S.p.A. considered the increase prescribed by law to be exorbitant and paid the fee considering solely the increase arising from the planned inflation rate as compared to the previous year.

As a consequence, for 2012 and 2013 the Region issued injunctions for the payment of the amount not paid by the company; Edipower S.p.A. appealed against these injunctions before the competent court.

Faced with the payment demand made by the Region for 2014 and 2015, Edipower S.p.A. paid the fee considering solely the increase arising from the planned inflation rate as compared to the previous year. The Region has not yet issued the related injunctions for the payment of the difference.

For the Asta Liro plant, the Lombardy region has issued an injunction to pay the fees for derivations for hydroelectric use allegedly due for 2008 for Asta Liro and Fiume Mera. The company filed an appeal against this injunction with the Milan Regional Court of Public Waters (hereafter the Milan TRAP); the Milan TRAP partially rejected this appeal in the section in which the company asked for a ruling stating that it has no obligation to pay the fee for hydroelectric use for the amount mistakenly calculated by the Region and that the payment it has made is satisfactory. The sentence issued by the TRAP on the other hand partially upheld the request made by Edipower S.p.A. to rule as to its entitlement to settle the water use fee in an amount reduced by 10% by way of the non-applicability of the regional resolution introducing the regional surcharge. For the dispute in question the TRAP considered Regional Resolution no. 8/5775 of 2007 to be illegitimate, in that it simulated an increase in the fee due for the derivation by in reality incorporating an amount of a fiscal nature (the “regional surcharge”) in a charge (the derivation fee).

A similar dispute is also taking place for a number of plants in the Valtellina.

Surcharges for public water derivation

Mese plant

Edipower S.p.A. filed a petition before the competent court applying to establish the correct calculation of the surcharges on hydroelectric fees due pursuant to article 1 of Law no. 959/1953, by way of the non-applicability of the ministerial decrees that prescribed a revision to these fees on an annual basis (instead of every two years).

For the Mese plant, Edipower S.p.A. lost the cases it brought before the Milan TRAP opposing the payment demands for the above surcharges on the fees raised by the Province and the Consortium of Municipalities of the Mountain Catchment Basin (BIM) of Lake Como and the rivers Brembo and Serio. The company has decided not to file an appeal against the TRAP's sentences.

Udine plant

Edipower S.p.A. filed a petition before the competent court applying to establish the correct calculation of the surcharges on hydroelectric fees due pursuant to article 1 of Law no. 959/1953, by way of the non-applicability of the ministerial decrees that prescribed a revision to these fees on an annual basis (instead of every two years).

The TSAP rejected the appeal filed by the company opposing the sentence of the Regional Court of Public Waters (hereafter TRAP) of Venice which had rejected the appeal of Edipower S.p.A. against the payment demand raised by the Pordenone Livenza Bacino Imbrifero Montano (BIM). The deadline for appeal to the Court of Cassation is currently pending.

The TSAP rejected the appeal filed by the company opposing the sentence of the Venice TRAP which had rejected the appeal of Edipower S.p.A. against the payment demand raised by the Consortium of Tagliamento BIM Municipalities in the provinces of Udine and Pordenone. The deadline for appeal to the Court of Cassation is currently pending.

The TSAP rejected the appeal filed by the company opposing the sentence of the Venice TRAP which had rejected the appeal of Edipower S.p.A. against the payment demand raised by the Province of Udine. The deadline for appeal to the Court of Cassation is currently pending.

Brindisi bunker

The investigations that led to the sequestration of the Brindisi bunker (owned by Enel) have been formally closed; the head of the Brindisi power station has been sent for trial amongst others. Having civil responsibility, Edipower S.p.A. has been implicated in the relative court case by the parties instituting the action. A release notice for the seized areas was notified on May 13, 2010 as part of the criminal proceeding. In a ruling of March 8, 2013, the court acquitted the head of Edipower S.p.A.'s power station for the offence with which he was charged "because there is no case to answer".

On September 3, 2013 the public prosecutor at the Brindisi Court issued a notification that an appeal had been filed against the sentence of the Brindisi Court. On May 29, 2015, the Court of Appeal of Lecce confirmed the acquittal sentence issued by the Court of Brindisi. At present, in the absence of notification of the notice of filing of the sentence, it is not possible to establish the effectiveness of the term within which the prosecutor may appeal by cassation.

Carlo Tassara: lawsuit for damages against EDF and A2A S.p.A. on the reorganization of Edison

On March 24, 2015, Carlo Tassara S.p.A. notified A2A, Electricité de France (EDF) and Edison a summons requesting the Court of Milan to condemn A2A and EDF to compensation for damages allegedly suffered by Carlo Tassara, in its capacity as minority shareholder of Edison, in relation to the mandatory tender offer launched by EDF on Edison shares consequently to the transaction by which, in 2012, A2A sold its indirect shareholding in Edison to EDF and simultaneously acquired 70% of the capital of Edipower from Edison and Alpiq.

Until 2012, in fact, A2A and EDF held joint control of Edison S.p.A. Edison, in turn, held 50% of Edipower S.p.A. (the remaining capital of Edipower was held 20% by Alpiq, 20% by A2A and the remaining 10% by Iren).

In the 2012 transaction, A2A sold its indirect shareholding in Edison to EDF and simultaneously acquired 70% of the capital of Edipower from Edison and Alpiq.

In the summons notified, Carlo Tassara complained that, in the transaction, EDF and A2A agreed on a mutual "discount" on the price paid by EDF for the purchase of Edison shares, on the one hand, and on the price paid by A2A for the purchase of 70% of Edipower, on the other. This discount was expected to be the result of abusive conduct by EDF and A2A as shareholders of Edison and the violation, among other things, of the regulations on transactions with related parties. This - according to Carlo Tassara - was expected to allow maintaining artificially low the price of the Edison shares paid to A2A and consequently the tender offer price paid to minorities of Edison (which by law was expected to be equal to that paid to A2A).

However, in 2012, A2A and EDF had voluntarily subjected the Transaction to the prior examination of Consob precisely in order to confirm the correctness of the tender offer price. Following extensive examinations, Consob had deemed that a compensatory mechanism could be detected in the transaction as a whole (i.e. between the sale of Edipower on the one hand and the sale of Edison shares on the other) and that therefore the tender offer price was to be increased from 0.84 euro to 0.89 euro per share.

In light of said decision, the parties had increased the sale price of the shareholding in Edison based on the price of 0.89 euro per share, for a total increase of around 84 million euro. EDF launched the tender offer at 0.89 euro per share.

Carlo Tassara resorted to Consob in order to further increase the price of the tender offer, but Consob rejected the request.

In addition, pending the tender offer, Carlo Tassara challenged before the TAR the tender offer document and the related resolution of approval by Consob requesting suspensions thereof for reasons of urgency. However, the TAR postponed the decision on the suspension to a date following the closing of the tender offer and, as a result of this, Carlo Tassara adhered to the tender offer and waived the cautionary request.

The writ of summons does not quantify the damages allegedly suffered by Carlo Tassara as a result of these transactions, referring for their determination to the outcome in the course of proceedings. The first hearing was scheduled for December 1, 2015.

* * *

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

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

On January 20, 2014 the Regional Department of the Lombardy Tax Revenue Office – Milan Large Taxpayers Section – initiated a general audit of A2A S.p.A. for IRES, IRAP and VAT purposes for fiscal 2010. This audit was completed on December 15, 2014. The findings related to violations exclusively regarding direct taxation. On January 14, 2015, the company also requested a report of facts ascertained, and following notification of the tax assessments by the Tax Authorities, on March 31, 2015, adhered to the tax claim.

A2A Reti Gas S.p.A. – COSAP Municipality of Milan for the years from 2003 to 2011

On December 27, 2011 the Municipality of Milan served payment notices for COSAP (a fee paid for occupying public spaces and areas) for the years 2003 to 2011. An application was filed for annulment of these notices by internal revocation, which the Municipality rejected. The company filed a summons with the Court of Milan against this rejection on July 11, 2012 and on September 25, 2012 filed an appeal with the regional administrative court. In December 2014, payment notices were served for the years from 2012 to 2014. In February 2015, a settlement agreement was entered into with the Municipality of Milan for the final conclusion of the COSAP litigation for the years 2003 to 2011 and a claim was filed before the Regional Administrative Court of Milan against the payment notices for the years from 2012 to 2014.

A2A Ambiente S.p.A. (formerly Aprica S.p.A.) - General IRES/IRAP/VAT audit for fiscal years 2009 and 2010

On January 24, 2013 the Finance Police - Brescia Unit commenced a general tax audit of Aprica S.p.A. (now A2A Ambiente S.p.A.) for IRES, IRAP and VAT purposes for fiscal 2009 and for fiscal 2010, an audit only to ensure that the requirements of Decree Law no. 78/2009 (the "Tremonti ter") had been fulfilled. This audit was completed on March 25, 2014. The findings mainly related to violations regarding direct taxation. On July 31, 2014 an assessment was served for 2009 which the company accepted, paying the amount due on August 29, 2014 and thereby putting a final end to the authorities' claim. For the year 2010, on October 6, 2015, the Regional Tax Office in Milan notified tax assessments. The company is assessing the action to be taken.

A2A Ambiente S.p.A. (formerly Partenope Ambiente S.p.A.) - General IRES/IRAP/VAT audit for year 2011

On September 4, 2014, the Tax Revenue Office - Brescia Provincial Department - began a general tax audit of Partenope Ambiente S.p.A. (now A2A Ambiente S.p.A.) for fiscal year 2011 for IRES, IREP and VAT purposes. This audit was completed on October 6, 2014. The findings related to violations mainly regarding direct taxation. On July 7, 2015, a notice of assessment was served for the year 2011. On October 5, 2015, the company filed an application to the assessing office for settlement.

A2A Ambiente S.p.A. (formerly Aprica S.p.A.) - Technical audit of the Brescia waste-to-energy plant

On March 7, 2013, the Brescia Customs Agency commenced a technical audit of the Brescia waste-to-energy plant owned by Aprica S.p.A. (now owned by A2A Ambiente S.p.A.). The audit was completed on January 16, 2014 with the serving of a formal notice of assessment for the years from 2008 to 2011. For 2008 and 2009, the Customs Authority served payment notices on May 7 and 21, 2014 together with the respective penalties. The company appealed against these two demands in July 2014. For the year 2009, in December 10, 2014, the company signed a conciliation agreement with the Customs Agency of Brescia for the final closure of the dispute and the consequent termination of the proceedings. For 2008, the litigation of first instance ended favorably for the company. On September 24, 2015, the Office appealed. The terms are pending to file counter-claims by the company. On August 5, 2014, the Customs Authority served formal notices of assessment for 2012 and 2013. The company is assessing the action to be taken.

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

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

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

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

The appeals for 2001 and for 2004 and 2005 were discussed on January 25, 2010 and on February 17, 2010 respectively, with a favorable outcome for the company in all cases. The Tax Revenue Office appealed against the verdict of the first court. The Regional Tax Commission rejected this appeal for all three years, 2001, 2004 and 2005.

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

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

A2A Trading S.r.l. - VAT assessments Green Certificates 2004 to 2010

On December 23, 2009 the Milan Tax Revenue Office served A2A Trading S.r.l. with a VAT tax assessment regarding fiscal 2004. This notice cited the company's failure to invoice taxable transactions and required the company to pay additional VAT as well as penalties and interest amounting to a total of 3.3 million euro.

In particular, under this assessment the Tax Revenue Office served a penalty on A2A Trading S.r.l. for not having invoiced the tollee (Edipower S.p.A.) for the Green Certificates allegedly transferred between the two.

After appropriate examination, which also included the other tollers, it was considered that the Tax Revenue Office's conclusions could not be accepted. In fact under tolling arrangements tollers are on the one hand the owners of the raw materials, including fuel, that they supply to the tollees to produce electricity, and on the other are the "ab origine" owners of the electricity produced. The delivery of Green Certificates to tollees by tollers can in no way be considered to be the transfer of title of such.

A2A Trading S.r.l. has therefore not committed any breach of law and accordingly no provision has been made in the financial statements for this matter.

On December 16, 2010, the Milan Tax Revenue Office served notice of a VAT tax assessment regarding fiscal 2005 and on October 31, 2011 notice of a VAT tax assessment regarding fiscal 2006 for the same reasons, with the resulting demands for additional value added tax plus penalties and interest totalling 5.2 million euro and 11.2 million euro respectively. As in the case of 2004, A2A Trading S.r.l. has not committed any breach of law and accordingly no provision has been made in the financial statements for this matter.

A2A Trading S.r.l. has filed an appeal with the relevant bodies against both notices, requesting that the claim for additional taxes be fully annulled.

The Milan Provincial Tax Commission upheld the company's appeals for all years under dispute.

On March 12, 2013 the Tax Revenue Office stated its acceptance, for 2006, of the sentence for the part relating to the dispute regarding the green certificates and filed an appeal with respect to the remaining findings (283,454.16 euro). The Regional Tax Commission rejected the appeal and the Office filed an appeal against this decision with the Supreme Court on August 5, 2014, which was followed by a cross appeal by the company. On May 6, 2013 the Tax Revenue Office notified that it was waiving its appeal and applying for a dismissal of the case for 2004 and 2005.

Note that following the request for documentation regarding Green Certifications for the same tolling contract in tax years from 2007 to 2010, on October 28, 2011, the Italian Guardia di Finanza - Milan Office served notice of the Report on Findings, highlighting the same failure to bill taxable transactions for the years 2007, 2008 and 2010. No assessment notices have yet been notified.

6) Contingent assets

The Group had an excess of environmental certificates (Green Certificates and White Certificates) at September 30, 2015.

The application of Resolution no. 447/13 of the AEEGSI could lead to benefits for the Group in future years, although the amount is currently not quantifiable.

* * *

Consob Recommendation no. 61493 of July 18, 2013

In response to Consob Recommendation no. 61493 published in July 2013, the A2A Group has carried out detailed analyses which have led to the identification of the hydroelectric production sector as the area applicable to the Group.

The investments made in this sector in 2015 were of a marginal amount and due to ordinary maintenance.

In addition, the A2A Group plans to make investments in the hydroelectric sector in the coming years and in particular to incur expenditure for maintenance and for increasing the energy efficiency of plants located in Lombardy and Calabria.

* * *

The company has availed itself of the possibility permitted by article 70, paragraph 8 and article 71, paragraph 1-bis of the Issuers' Regulations, and hence of derogating from the requirement to publish an information document in the event of significant mergers, spin-offs, share capital increases by means of the contribution of assets in kind, acquisitions and disposals.

Attachments to the Notes to the Interim report on operations

1 - List of companies included in the consolidated financial statements

Company name	Registered office	Currency	Share capital (*thousands*)
Scope of consolidation			
A2A Reti Gas S.p.A.	Brescia	Euro	445,000
A2A Reti Elettriche S.p.A.	Brescia	Euro	520,000
A2A Calore & Servizi S.r.l.	Brescia	Euro	150,000
Selene S.p.A.	Brescia	Euro	3,000
A2A Servizi alla Distribuzione S.p.A.	Brescia	Euro	2,000
A2A Energia S.p.A.	Milan	Euro	2,000
A2A Trading S.r.l.	Milan	Euro	1,000
A2A Logistica S.p.A.	Brescia	Euro	250
A2A Ciclo Idrico S.p.A.	Brescia	Euro	70,000
A2A Ambiente S.p.A.	Brescia	Euro	220,000
Aspem Energia S.r.l.	Varese	Euro	2,000
A2A Montenegro d.o.o.	Podgorica (Montenegro)	Euro	100
Mincio Trasmissione S.r.l.	Brescia	Euro	10
Assoenergia S.p.A. in liquidation	Brescia	Euro	126
Abruzzoenergia S.p.A.	Gissi (CH)	Euro	130,000
Retragas S.r.l.	Brescia	Euro	34,495
Aspem S.p.A.	Varese	Euro	174
Varese Risorse S.p.A.	Varese	Euro	3,624
Ostros Energia S.r.l. in liquidation	Brescia	Euro	350
Camuna Energia S.r.l.	Cedegolo (BS)	Euro	900
A2A Alfa S.r.l.	Milan	Euro	100
Plurigas S.p.A. in liquidation	Milan	Euro	800
Proaris S.r.l.	Milan	Euro	1,875
Edipower S.p.A. (*)	Milan	Euro	1,139,312
Ecofert S.r.l. in liquidation	S. Gervasio Bresciano (BS)	Euro	100
A3A S.r.l.	Brescia	Euro	10
Ecodeco Hellas S.A. in liquidation	Athens (Greece)	Euro	60
Ecolombardia 18 S.r.l.	Milan	Euro	378
Ecolombardia 4 S.p.A.	Milan	Euro	13,515
Sicura S.r.l.	Milan	Euro	1,040
Sistema Ecodeco UK Ltd	Canvey Island Essex (UK)	GBP	250
Vespia S.r.l. in liquidation	Milan	Euro	10
A.S.R.A.B. S.p.A.	Cavaglià (BI)	Euro	2,582
Nicosiambiente S.r.l.	Milan	Euro	50
Bioase S.r.l.	Sondrio	Euro	677
Montichiariambiente S.r.l.	Brescia	Euro	10
Aprica S.p.A.	Brescia	Euro	20,000
Amsa S.p.A.	Milan	Euro	10,000
Bellisolina S.r.l.	Montanaso (LO)	Euro	10
SED S.r.l.	Robassomero (TO)	Euro	1,250
Bergamo Servizi S.r.l.	Sarnico (BG)	Euro	10
Elektroprivreda Cnre Gore AD Niksic (EPCG)	Niksic (Montenegro)	Euro	907,108
EPCG d.o.o. Beograd	Beograd (Serbia)	Dinar RSD	3,101
Zeta Energy d.o.o.	Danilovgrad (Montenegro)	Euro	14,240
Equity investments held for sale			
SEASM S.r.l.	Brescia	Euro	700

(*) The percentage does not take into account the possibility that the put option may be exercised.

% of shareholding consolidated by Group at 09 30 2015	Shareholding %	Shareholder	Valuation method
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A Reti Gas S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A Energia S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
97.76%	97.76%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
91.60%	91.60%	A2A S.p.A. (87.27%) A2A Reti Gas S.p.A. (4.33%)	Line-by-line consolidation
90.00%	90.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	Aspem S.p.A.	Line-by-line consolidation
80.00%	80.00%	A2A S.p.A.	Line-by-line consolidation
74.50%	74.50%	A2A S.p.A.	Line-by-line consolidation
70.00%	70.00%	A2A Trading S.r.l.	Line-by-line consolidation
70.00%	70.00%	A2A S.p.A.	Line-by-line consolidation
60.00%	60.00%	A2A S.p.A.	Line-by-line consolidation
79.50%	79.50%	A2A S.p.A.	Line-by-line consolidation
47.00%	47.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A Ambiente S.p.A.	Line-by-line consolidation
98.86%	98.86%	A2A Ambiente S.p.A.	Line-by-line consolidation
68.58%	68.58%	A2A Ambiente S.p.A.	Line-by-line consolidation
96.80%	96.80%	A2A Ambiente S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A Ambiente S.p.A.	Line-by-line consolidation
99.90%	99.90%	A2A Ambiente S.p.A.	Line-by-line consolidation
70.00%	70.00%	A2A Ambiente S.p.A.	Line-by-line consolidation
99.90%	99.90%	A2A Ambiente S.p.A.	Line-by-line consolidation
70.00%	70.00%	A2A Ambiente S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A Ambiente S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A Ambiente S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A Ambiente S.p.A.	Line-by-line consolidation
100.00%	100.00%	A2A Ambiente S.p.A.	Line-by-line consolidation
80.00%	80.00%	A2A Ambiente S.p.A.	Line-by-line consolidation
100.00%	100.00%	Aprica S.p.A.	Line-by-line consolidation
41.75%	41.75%	A2A S.p.A.	Line-by-line consolidation
100.00%	100.00%	EPCG	Line-by-line consolidation
57.86%	51.00%	EPCG	Line-by-line consolidation
67.00%	67.00%	A2A S.p.A.	Line-by-line consolidation

2 - List of shareholdings in companies carried at equity

Company name	Registered office	Currency	Share capital (*thousands*)
Shareholdings in companies carried at equity			
PremiumGas S.p.A.	Bergamo	Euro	120
Ergosud S.p.A.	Rome	Euro	81,448
Ergon Energia S.r.l. in liquidation	Milan	Euro	600
Metamer S.r.l.	San Salvo (CH)	Euro	650
SET S.p.A.	Toscolano Maderno (BS)	Euro	104
Azienda Servizi Valtrompia S.p.A.	Gardone Val Trompia (BS)	Euro	6,000
Ge.S.I. S.r.l.	Brescia	Euro	1,000
Centrale Termoelettrica del Mincio S.r.l.	Ponti sul Mincio (MN)	Euro	11
Serio Energia S.r.l.	Concordia sulla Secchia (MO)	Euro	1,000
Visano Soc. Trattamento Reflui S.c.a.r.l.	Brescia	Euro	25
LumEnergia S.p.A.	Lumezzane (BS)	Euro	300
Sviluppo Turistico Lago d'Iseo S.p.A.	Iseo (BS)	Euro	1,616
ACSM-AGAM S.p.A.	Monza	Euro	76,619
Futura S.r.l.	Brescia	Euro	2,500
Prealpi Servizi S.r.l.	Varese	Euro	5,451
COSMO Società Consortile a Responsabilità Limitata	Brescia	Euro	100
G.Eco S.r.l.	Treviglio (BG)	Euro	500
Bergamo Pulita S.r.l.	Bergamo	Euro	10
Tecnoacque Cusio S.p.A.	Omegna (VB)	Euro	206
Rudnik Uglja Ad Pljevlja	Pljevlja (Montenegro)	Euro	21,493
Total shareholdings			

Shareholding %	Shareholder	Carrying amount at 09 30 2015 (*thousands*)	Valuation method
50.00%	A2A Alfa S.r.l.	3,039	Equity
50.00%	A2A S.p.A.	-	Equity
50.00%	A2A S.p.A.	-	Equity
50.00%	A2A Energia S.p.A.	1,472	Equity
49.00%	A2A S.p.A.	903	Equity
49.15%	A2A S.p.A. (48.77%) A2A Reti Gas S.p.A. (0.38%)	5,041	Equity
44.50%	A2A S.p.A.	1,866	Equity
45.00%	A2A S.p.A.	3	Equity
40.00%	A2A S.p.A.	790	Equity
40.00%	A2A S.p.A.	10	Equity
33.33%	A2A Energia S.p.A.	214	Equity
24.29%	A2A S.p.A.	833	Equity
21.94%	A2A S.p.A.	34,883	Equity
20.00%	A2A Calore & Servizi S.r.l.	638	Equity
12.47%	Aspem S.p.A.	897	Equity
52.00%	A2A Calore & Servizi S.r.l.	69	Equity
40.00%	Aprica S.p.A.	3,400	Equity
50.00%	A2A Ambiente S.p.A.	-	Equity
25.00%	A2A Ambiente S.p.A.	242	Equity
39.49%	A2A S.p.A.	19,067	Equity
		73,367	

3 - List of available-for-sale financial assets

Company name	Shareholding %	Shareholder	Carrying value at 09 30 2015 (*thousands*)
Available-for-sale financial assets (AFS)			
Infracom S.p.A.	0.44%	A2A S.p.A.	155
Immobiliare-Fiera di Brescia S.p.A.	5.83%	A2A S.p.A.	280
Azienda Energetica Valtellina e Valchiavenna S.p.A. (AEVV)	9.39%	A2A S.p.A.	1,846
Other:			
AQM S.r.l.	7.52%	A2A S.p.A.	
AvioValtellina S.p.A.	0.18%	A2A S.p.A.	
Banca di Credito Cooperativo dell'Oglio e del Serio s.c.	n.s.	A2A S.p.A.	
Brescia Mobilità S.p.A.	0.25%	A2A S.p.A.	
Cavaglià Sud S.r.l. in liquidation	1.00%	A2A Ambiente S.p.A.	
Consorzio DIX.IT in liquidation	14.28%	A2A S.p.A.	
Consorzio Ecocarbon	n.s.	A2A Ambiente S.p.A.	
Consorzio Italiano Compostatori	n.s.	A2A Ambiente 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.	
Consorzio Polieco	n.s.	A2A Ambiente S.p.A.	
Emittenti Titoli S.p.A.	1.85%	A2A S.p.A.	
E.M.I.T. S.r.l. in liquidation	10.00%	A2A S.p.A.	
Guglionesi Ambiente S.c.a.r.l.	1.01%	A2A Ambiente S.p.A.	
INN.TEC. S.r.l. in liquidation	11.45%	A2A S.p.A.	
Isfor 2000 S.c.p.a.	4.94%	A2A S.p.A.	
S.I.T. S.p.A.	0.26%	Aprica S.p.A.	
Stradivaria S.p.A.	n.s.	A2A S.p.A.	

Company name	Shareholding %	Shareholder	Carrying value at 09 30 2015 (*thousands*)
Tirreno Ambiente S.p.A.	3.00%	A2A Ambiente S.p.A.	
Prva banka Crne Gore A.D. Podgorica (*)	19.76%	EPCG	
DI.T.N.E.	1.45%	Edipower S.p.A.	
SIRIO S.C.P.A.	0.02%	Edipower S.p.A.	
ORIONE S.C.P.A.	0.22%	Edipower S.p.A.	
Total other financial assets			**6,191**
Total available-for-sale financial assets			**8,472**

(*) It is noted that the shareholding in Prva banka Crne Gore A.D. Podgorica, also taking into account the preference shares with no voting rights amounts to 24.10% of share capital.

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

Changes in legislation

Generation and Trading Business Unit

Recent changes in legislation in the electricity sector

Production

Legislative Decree no. 79/1999 (hereafter the Bersani decree) liberalized energy production: with the objective of encouraging competition in the market it prescribed that from January 2003 no producer may generate or directly or indirectly import more than 50% of the total electricity produced and imported in Italy.

Incentives for the production of renewables

In addition, the Bersani Decree set the requirement to give priority to the use (dispatch priority) of electricity produced from renewable energy sources (in addition to that produced by cogeneration) when transmitting and dispatching electricity.

With effect from 2001, importers and entities in charge of plants which in any one year import or produce more than 100 GWh of electricity from non-renewable sources are required to put into the national electricity grid, in the following year, a proportion of electricity produced by renewable source plants, excluding cogeneration, self-consumption at the plant and exports, initially equal to 2% of the total produced/imported. These entities may also meet this requirement, wholly or in part, by buying the equivalent proportion or the relative allowances (Green Certificates, which attest the production of a specific quantity of electricity certified as produced from renewables) from other producers or from the GRTN (now the GSE).

By way of Legislative Decree no. 387/03, implementing Directive 2001/77/EC and relating to the encouragement of electricity produced from renewable energy sources in the internal electricity market, additional requirements on the matter were subsequently set out, including:

- regulation by the Electricity, Gas and Water Authority of local exchange services for plants fuelled by renewable sources having a power not exceeding 20 kW (the right to the service was subsequently extended by Law no. 244/07 to plants having a power not exceeding 200 kW) and of dedicated services for the withdrawal (by the GSE) of the electricity produced by plants fuelled by renewable sources having a power less than 10 MVA and by plants having any power fuelled by renewable wind, solar, geothermic, wave power, tidal power and hydraulic power sources, limited in the latter case to flowing water plants;

- the introduction of specific measures to encourage the use of solar power (in the form of an incentive tariff of decreasing amount having a duration such as to ensure a fair remuneration of the investment and usage costs), which then led to the Energy Account.

In addition, by way of Law no. 244/07 (the 2008 Finance Law), an All-Inclusive Tariff was introduced which acts as an incentive mechanism, an alternative to Green Certificates, reserved for IAFR qualified plants (plants fuelled by renewable sources), having an average annual nominal power not exceeding 1 MW or 0.2 MW for wind plants. This law also revised a number of provisions regarding Green Certificates.

Implementing the requirements of Directive 2009/28/EC, Legislative Decree no. 28/2011 governs the criteria for setting up incentive regimes designed to achieve the renewable production targets for the period up to 2020, then implemented by the Ministerial Decree of July 6, 2012. The provisions set out in the decree are applicable for electricity production plants fuelled by renewable sources other than photovoltaic plants, having a power not less than 1 kW, to which incentive tariffs are recognized for which they have direct access for power levels below the thresholds set by the law, or as the result of tender procedures for power levels above these. The decree additionally grants a net production incentive for plants which produce electricity from renewable sources which began operations by December 31, 2012 and which have acquired the right to use Green Certificates for the entitlement period remaining after 2015.

Large hydroelectric derivation concessions

Changes in legislation over the past few years have in real terms led to the continuation by the present holders of the use of existing concessions even if they have formally expired, including certain of these held by A2A S.p.A., having introduced regulations to enable tenders to be called. More specifically, article 37, paragraph 4 of Law 134/2012 converting Decree Law no. 83/2012, the “Growth Decree”, confirmed the period of 5 years before the expiry of the concession as being the time limit within which a tender must be called for reassignment and set the term of new concessions in 20 years, extendible to 30 years depending on the size of the investments granted according to the criteria established by an implementing Ministerial Decree, not yet issued. In addition, a special transitional regime (accelerating) has been provided for calling tenders for concessions which have already expired or which expire on or before December 31, 2017 (those which were unable to comply with the 5 year period for calling the tender). These tenders must be called within two years of the effective date of the above implementing Ministerial Decree. The new concession must start at the end of the fifth year following the original expiry date and in any case no later than December 31, 2017. The failure to issue, to date, Ministerial Decree Tenders and the expected compressibility of the related duration, constitutes an inevitable extension de facto of the management from existing concessionaires, even for these derivations that have already expired, beyond the deadline of the end of 2017, according to the provision of paragraph 8-bis article 12 of Legislative Decree 79/1999, according to which until the new contractor takes over, the concession is - automatically - continued by the proprietor under unchanged conditions, and with no need for additional administrative measures.

In terms of the pass of the concession from the outgoing to the incoming operator, the legislator (art. 37 cit., paragraphs 5 and 6) has opted for the sale of the business unit used for the concession against the payment of a price which has been previously established and agreed between the outgoing operator and the granting administration, which is published in the tender offer. The task of defining the technical and economic parameters to determine the fee and the amount payable to the outgoing concessionaires (respectively for the dry and wet works) is entrusted to Ministerial Decree Tenders, after consulting with the AEEGSI. If no agreement can be reached between the outgoing concessionaire and the granting administration on the size of the consideration and the amount, an arbitration procedure comes into play.

In September 2013, the European Commission sent the Italian government a default notice stating that certain of the provisions just referred to (in particular the timing of the tender and the means by which the business should be transferred) and recently introduced by the Italian legislator (by way of Law no. 134/2012 converting Decree Law no. 83/2012 the "Development Law"), as well as certain rules in the legislation of the autonomous provinces of Trento and Bolzano, are inconsistent with the principles and laws of community law (freedom of establishment; article 12 of the "Bolkestein Directive" 2006/123/EC). Despite the evaluation of pro-competitiveness made by the Constitutional Court (Sent. 28/2014) on the rules introduced by art. 37 (defined as provisions that *"are designed to simplify access for economic operators to the energy market under uniform conditions across the country by regulating the relative published procedures with regard to the timing of the bids and the contents of the tenders"*), the Italian Government has recently decided to report to the European Commission a possible amendment to said regulations, as part of an overall regulatory reorganization of the sector.

In terms of regional regulations, the Lombardy Region, first by Law no. 19/2010 and then by Law no. 35/2014 amended Regional Law no. 26/2003, inserting article 53-bis, which governs the temporary continuation of the exercise for expired concessions, contemplating the possibility for the Region to impose, with subsequent resolutions - not taken to date - an additional fee to be paid as of January 1, 2011. On February 20, 2015, said regulations were appealed by the Government before the Constitutional Court, thus the related verdict of the Consulta is pending. In order to overcome the foundation of this government appeal, the Region, by Regional Law 22/2015, repealed the provision of the additional fee, however replacing it with the possibility to impose on unspecified concessionaires compensatory measures. On October 5, 2015, the Government thus resolved to appeal to the Constitutional Court also against the latter regional regulations, reiterating that the matter of the financial charges imposed on concessionaires regards competition and is therefore exclusive state competence, and also the finding that the exercise of expired concessions is the responsibility of outgoing concessionaires, under unchanged conditions, pursuant to aforementioned paragraph 8-bis of art. 12 of Legislative Decree 79/1999, without it being legitimate to configure any discretion power of the Region in this regard.

Moreover, by way of Executive decree 11849 of December 5, 2014, the unit amounts of regional State fees applicable to small and large derivations have been updated to 2015 (respectively 15.44 €/kW and 31.09 €/kW). A decree of November 22, 2013 then set the amount at which the additional BIM fees are to be paid by entities awarded hydroelectric derivation concessions for motive-power generation for the two-year period from January 1, 2014 to December 31, 2015. In particular, for each kW of average nominal power granted or recognized, said measure is increased:

- from 22.13 euro to 22.88 euro for concessions with an average annual output exceeding 220 kWe and up to 3000 kW;
- from 29.40 euro to 30.40 euro for concessions with an average annual output exceeding 3000 kW.

Remuneration of plants essential for the safety of the electricity system

By way of sentence of the State Council of March 20, 2015 no. 1532, the resolutions of the Authority 342/2012/R/eel and 285/2013/R/eel have been cancelled for lack of reasoning on the urgency and lack of consultation.By way of said resolutions, the Authority had adopted urgent measures concerning containment of dispatching charges due to systematic distortion of imbalance prices. However, by way of the same sentence, the State Council denied the possibility for the sector Authority to adopt a general act regulating matters of imbalances, as well as dispatching charges.

The organic reform of the rules governing the imbalances will be adopted by the Authority in the coming months, also in order to ensure full compatibility of the national regulatory framework with the provisions of the future European Grid Code for balancing (Balancing

Network Code), for which entry into force is expected in 2016 and which will require a comprehensive review of the current dispatching rules.

Law no. 116/14 of August 11, 2014, converting Decree Law no. 91/04 ("Competitiveness Decree Law"), among the other measures designed to reduce electricity bills for end customers with a low and medium voltage supply (article 23) the legislation provided (paragraph 3-bis) that until the 380 kV "Sorgente-Rizziconi" power line connecting Sicily with the mainland becomes operational, as well as the other measures aiming to achieve a significant increase in the interconnection capacity between the Sicilian electricity network and that of the mainland, all the electricity production units having power exceeding 50 MW situated in Sicily, with the exclusion of non-programmable renewable plants, shall be considered to be essential resources for the safety of the electricity system, with the requirement for offering on the market of the previous day.

As of January 1, 2015 until the date of entry into operation of the power line (scheduled for the first half of 2016), the bid and remuneration procedures of these units were therefore defined by the AEEGSI respectively by way of Resolutions nos. 521 (defining Scheme 91/14) and 500/2014/R/eel.

In particular, for the purpose of defining scheme 91/14, the Authority proposed adopting the cost reintegration approach (article 65 Resolution no. 111/06), which allows a timely recognition of costs, including the fair return on invested capital.

On December 30, 2014, Terna S.p.A. published the list of plants essential for the safety of the electricity system valid for the year 2015, also confirming for the following year the inclusion of the plants in San Filippo del Mela 150 and 220 kV among the units essential for the operation of the electricity market.

By Resolution 453/2015/R/eel, the Authority then in fact renewed the essential framework for all plants in Sicily over 50 MW (excluding FER renewable energy sources), as required by Decree Law 91/2014, simultaneously updating the reintegration fee of generation costs.

Remuneration of production capacity availability

The mechanism currently in force in Italy for the remuneration of production capacity is the Capacity Payment, which was introduced by Legislative Decree no. 379 of 2003 as a transitional system and regulated by the Authority in 2004. It is a administrated mechanism the purpose of which is to ensure the adequacy of the electricity system in terms of overall national demand especially in the days, defined as critical, in which the difference between supply and demand could be at minimum levels.

The current regulation provides for the Authority to define ex ante an amount that is paid for the existing production capacity and enabled for the provision of dispatching services.

Aforementioned Legislative Decree no. 379 of 2003 establishes that the remuneration of the capacity at regime should be based on a market mechanism regulated by Resolution ARG/elt 98/11: an auction system in which operators awarded acquire the right to receive a bonus (in €/MW/year) and the obligation to offer all the capacity awarded in the energy and services markets and return to the counterparty (Terna) the difference between the benchmark prices and the strike prices.

Initially, the Capacity Market provided three-year auctions with a four-year planning horizon, the first auction was expected for 2017. By Resolution 95/2015/I/eel, the Authority however proposed to the MSE to anticipate the first auction already at the end of 2015 with delivery period already in 2017 and with an annual contract (First implementation phase).

As part of the procedure initiated by way of Resolution 6/2014/R/eel, with Resolution 320/2014/R/eel, the AEEGSI has extended to the Ministry of Economic Development (MSE) a proposal for the integration of the rules of the electricity production capacity remuneration transitional mechanism, in accordance with the provisions of the Stability Law, in force since January 1, 2014, related to the provision of flexibility services.

Transport capacity fees

By way of Resolution 63/2015/R/eel, the Authority settled the amounts resulting from the application of the compensatory mechanism on the average 2004 CCT charge, following the sentence of the State Council no. 463/15.

In particular, it is established that Terna and GSE implement the provisions set out in Resolution 299/2012/R/eel concerning the regulation of the economic items pertaining to the application of the CCT compensatory mechanism requiring Terna, no later than March 31, 2015, to pay to the GSE the amount of 9.8 million euro in order to pay the amounts due to the operators: the group companies concerned collected a total of 1,623,564 euro.

Market Coupling

By way of Resolutions 45/2015/R/eel and 52/2015/R/eel, the Authority introduced provisions for the management of market coupling with reference to the borders with France, Austria and Slovenia for 2015, initiated on February 24, 2015.

Efficient Utility Systems

Efficient Utility Systems (SEU and SEESEU) are Simple Production and Consumption Systems consisting of at least one production plant and one consumption unit directly connected through a private link without obligation of connection to third parties, and connected directly or indirectly, through at least one point, to the public network.

Attainment of qualification as SEU or SEESEU, issued by the GSE, involves the recognition of facilitated tariff conditions on the electricity consumed and not withdrawn from the network, limited to the variable parts of the general system costs, as required by Legislative Decree no. 115/08 and article 25-bis of Decree Law no. 91/14 converted into Law no. 116/14.

By clarification of June 12, 2015, the Authority specified that the generation auxiliary services must consider the ancillary services as per the definition of the Unipede (now Eurelectric) and therefore also plants subservient to production such as, for example, fuel handling, heating, lighting and office systems directly related to the exercise of the power plant.

Recent changes in legislation in the natural gas sector

Upstream gas market

Criteria for the allocation of gas storage

By way of Decree of February 6, 2015, the Ministry of Economic Development defined the quantities and criteria for the allocation of storage capacity with reference to the period from April 2015 to March 2016, confirming the competitive auction as procedure for the allocation of said capacity.

By way of Resolution 49/2015/R/gas, the Authority, following the provisions of the aforementioned Decree, defined the relative criteria for conducting the auctions for the awarding of the storage capacity and the procedures for determining the fees applied to the services pursuant to Legislative Decree 130/10.

Said capacity was fully conferred (the last uniform modulation capacity available was allocated as part of the auction procedure on June 16).

Lastly, the Ministry confirmed, even for the period April 2015 - March 2016, the level of strategic storage equal to 4,620 billion cubic meters.

Gas exchange

By Resolution 436/2015/R/gas, the Energy Authority approved the amendments to the agreement between GME and Snam Rete Gas and the conditions of access to the PSV, allowing to make operational the access of the “third-party Exchanges” of other European countries to the Italian domestic market, thus expanding the offer of forward products with physical delivery of gas. The new rules introduce the possibility to offer said forward products by the entities (“third-party Exchanges”) that manage platforms on which products are traded with physical delivery to the main hubs of the continent.

Provisions common to both sectors

REMIT - Regulation on the integrity and transparency of wholesale energy markets
Following the approval in December 2014 by the EU Commission, in January 2015, Execution Regulation no. 1348/2014 entered into force concerning the integrity and transparency of the market.

The Regulation establishes the rules governing the transmission of data to the Agency for the Cooperation of European energy regulators (Acer) and defines the detailed information to be reported in relation to wholesale energy products and basic data. It also indicates the channels for data reporting and timing and frequency of their reporting. These obligations will be effective from October 7, 2015 with respect to information related to the contracts concluded on organized markets, and from April 7, 2016 in relation to other types of transactions considered (OTC, basic technical data concerning infrastructure).

Instead, the following are currently excluded from the present reporting requirements:intra-group contracts, contracts for physical delivery of electricity produced by production units with capacity equal to or less than 10 MW, contracts for the physical supply of gas produced by a single production plant with capacity equal to or less than 20 MW and contracts for balancing services.

In compliance with the provisions of the Regulation, the Authority by way of Resolution 86/2015/E/com set up the National Register of market operators (REMIT Register). The recording obligation is required to be fulfilled by all operators subject to the reporting obligation, and thus market operators (or entities acting on their behalf) that perform operations on wholesale energy markets, the TSO and production infrastructure managers (>10 MW), transport, storage, LNG, as well as consumption units above 600 GWh/year (or entities acting on their behalf).

Subsequently, the GME provided a service of publication of inside information (PIP) to fulfil the obligation of disclosure of inside information required.

Commercial Business Unit

Economic conditions for the protected categories service

By resolution 670/2014/R/eel, the AEEGSI updated the level of the RCV component for 2015 and introduced, among other things, a transitional mechanism for compensation of costs associated with overdue payments by end customers, applied to operators for which there has been a significant divergence in the value of actual unpaid ratio with respect to that assumed for the calculation of the RCV component applied during the year and which have implemented actions for efficient credit management and recovery. A2A Energia S.p.A., as a result of admission to this mechanism, has been paid 5.8 million euro.

Economic conditions for the protected service

By way of Resolution 549/2014/R/gas, the Authority updated the mechanism parameters related to the mechanism for encouraging the renegotiation of long-term natural gas supply contracts, pursuant to Resolution 447/2013/R/gas.

In this regard, and with respect to the ongoing dispute, in September, the Regional Administrative Court rejected the appeals filed by some operators, including A2A Energia S.p.A., confirming the full legitimacy of said mechanism.

As part of the usual quarterly update of the economic conditions of protection service provision for the fourth quarter, an increase of +0.4% is also noted of the CPR component.

Provisions common to both sectors

At the hearing of October 7, the Chamber approved the annual Bill for the market and competition (Competition Bill), which includes a series of laws also related to the energy sector. In detail, the Bill, currently under discussion at the Senate as part of the process of conversion into Law, supersedes the protection and greater protection regime with effect from January 1, 2018, subject to the contextual occurrence of certain conditions, which if not attained, would result in the deferral of 6 months in 6 months *sine die* of the above expiry, as well as regulations concerning the separation of brand communication policies between vertically integrated companies (brand unbundling).

In this regard, the Authority, by Resolution 296/2015/R/com of June 23, ordered:

- the requirement of separation of brand and communication policies between the distribution companies and the sales companies (including the company name, the company, mark and other distinguishing feature);
- that the commercial activities related to the distribution, in particular those of interface with end customers, shall be carried out through the use of information channels, physical spaces and staff separate from those relating to sales activities;
- the mandatory use of communication policies and separate brands for the conduct of the protection/greater protection service with respect to the free market, while respecting the uniqueness of the marks of the company;
- that the commercial activities related to the sale of electricity in the free market and the exercise of the greater protection service shall be carried out through the use of information channels, physical spaces and separate staff.

Environment Business Unit

Recent changes in legislation in the environment sector

Regulation of local public services and expiry of concessions

Local public services are now regulated not only by the relevant industry regulations (such as Legislative Decree 164/00 or Legislative Decree 152/06 amended as far as integrated water services are concerned by Decree Law 133/14 converted with Law November 11, 2014 no. 164) by article 34, paragraphs 20-26 of Decree Law no. 179 of October 18, 2012 on “Further urgent measures for the country’s growth” (the “Growth Decree 2.0”), converted by Law no. 221 of December 17, 2012 and amended by Law no. 9/2014 and Law no. 15/14. In particular, this legislation requires that direct assignments agreed at October 1, 2003 for publicly held companies already listed at that date and for subsidiaries of these pursuant to article 2359 of the Italian civil code should cease at the expiry date specified in the service agreement or other documents governing the relationship. On the other hand assignments not having an expiry date terminate on December 31, 2020, without the possibility for any extension and without the need for the body to adopt a specific resolution.

By Law July 29, 2015, no. 115, art. 8 paragraph 1, paragraph 22 was integrated with reference to the companies that have become subsidiaries of listed after December 31, 2004, in execution of corporate transactions carried out in the absence of procedures consistent with the principles and provisions of the European Union applicable to the custody by providing for termination of custody at December 31, 2018 (or at the expiry specified in the service contract or in the acts which regulate the relationship if prior). It is also noted that Law August 7, 2015 no. 124 in articles 18 and 19 establishes delegation criteria respectively to revise the discipline on equity investments and public administrations and to revise the discipline regulating local public services of general economic interest.

Consolidated Environment Law

Legislative Decree no. 152 of April 3, 2006 (“Regulations on environmental matters”) as subsequently amended, most recently by Legislative Decree no. 205/10 which dictates measures implementing Directive 2008/98/EC on waste, acts as the reference legislation for the environment sector. The most recent substantial amendment to parts II, III, IV and V of Legislative Decree 152/2006 was made by Legislative Decree March 4, 2014, no. 46 laying down provisions on industrial emissions in implementation of Directive 2010/75/EU and Integrated Pollution Prevention and Control (IPPC). In particular, AIA activities have been extended and the decree envisages, as specified in Ministerial Decree no. 272 of November 13, 2014, the obligation, if the preliminary Subsistence Verification requires so, to prepare a report with reference to any request for new activity or any substantial authorization changes, that depict the situation of the impacts on the environment and health of the activity, in order to assess the status of the production site before, during and at the end of activities. It is noted that in this regard, the Note of the Ministry of Environment of June 17, 2015, no. 12422 - Integrated Environmental Authorization (AIA) - Additional criteria on application of the guidelines in light of the amendments to Legislative Decree 46/2014 was recently published.

TARES and TARI

Article 14 of Decree Law no. 201 of 2011 (the “Save Italy Decree”) introduced a new system of paying for urban waste disposal and inseparable services with effect from January 1, 2013 which went by the name of TARES.

As of January 1, 2014 TARES has been replaced by TARI, a part of the IUC, the Single Municipal Tax introduced by the Letta government in the 2014 Finance Law (Law no. 147 of December 27, 2013 on “Provisions for the formation of the State’s annual and long-term budget”).

Industrial emissions

Legislative Decree March 4, 2014 no. 46 on provisions on industrial emissions implementing Directive 2010/75/EU (also referred to as IED – Industrial Emission Directive) introduced new regulations having an effect on all industrial plants, with new limits on atmospheric emissions and increased and tighter controls. By way of implementing this provision, starting in 2016, also the regulations to be followed by waste-to-energy plants, currently dictated by Legislative Decree no. 133/05, will be introduced by Legislative Decree 152/06, in the text dictated by Legislative Decree 46/14.

Other measures of interest

We report the DPCM of December 17, 2014 approving the Environmental Declaration Form (MUD) for the year 2015 and the Guidelines of the Lombardy Region of October 7, 2014 on the planning and sustainable management of landfills. It shall be noted that the resolution is being prepared for new landfills; however, it also implements additions related to the management of existing landfills, introducing greater controls in the design phase and provides precise indications of sites in place for verifications relating to the management.

Moreover, we note the entry into force on June 1st, 2015 of EU Regulation 1357/2014 and EU decision 955/2014.

It is also noted that Ministerial Decree June 24, 2015, which amends the previous Ministerial Decree September 27, 2010, concerning the definition of the criteria for admissibility of waste in landfills, which introduces new criteria for the management of hazardous waste, as well as further regulations on the applicability of certain parameters (TOC, DOC, TSD).

Lastly, Decree Law June 19, 2015, no. 78, containing urgent measures concerning local authorities, converted into Law no. 125 on August 6, 2015, article 7, paragraph 9-*ter* has provisionally set the criteria for the attribution of the eco-toxic hazardous characteristic to waste and confirmed the adoption of the criteria set out in the ADR.

The "Unblock Italy" Decree Law – provisions on waste-to-energy

The Official Journal no. 212 of September 12, 2014 published Decree Law 133/2014 ("Unblock Italy" Decree) on "*Urgent measures for the opening of worksites, the construction of public works, the digitalization of the country, bureaucratic simplification, the emergency of hydro-geological instability and a pick-up in industrial activities*". Among the provisions of interest is article 35 regarding waste-to-energy plants, related to which the Prime Minister's Decree is pending, which identifies the plants for the recovery of energy and the disposal of urban and special waste and some categories of special waste, already existing or yet to be constructed, which are needed to implement a modern integrated system for managing this waste which can achieve national security in self-sufficiency, in order to supersede the infringement procedures for the failure to implement European legislation for the sector.

These plants will constitute infrastructure of pre-eminent national interest. For existing plants the legislation provides that it will be necessary to plan to work at thermal load saturation, with the resulting amendment of the authorizing provisions where this is not already prescribed. The new plants must be constructed to comply with the classification of energy recovery plants (energy efficiency formula for R1 activities).

Finally, since there are no catchment area restrictions, priority will be given as far as energy recovery plants are concerned to the processing of urban waste for the specific region, while urban waste produced in other regions will only be processed up to the authorized residual availability.

Law May 22, 2015, no. 68 (Crimes against the environment)

Law May 22, 2015, no. 68 introduces new offences in environmental matters.

In summary, the measure includes in the Penal Code the new Title VI-bis "Provisions on crimes against the environment", which includes, among other things, the following new offences: environmental pollution, environmental disaster, traffic and abandonment of high radioactivity material, control impediment, non-reclamation.

Other new additions include environmental aggravating, applicable to all the facts already included as offences and the so-called active repentance, which involves a reduction of the sentence for one who takes action concretely for the safety, reclamation and where possible, restoration of the condition of the premises.

Overview of the regulation of the CIP 6/92 conventions

By way of Provision no. 6 of 1992 the Interministerial Price Committee introduced incentives for the production of electricity from plants fuelled by renewable and similar sources. The provision guaranteed that ENEL would buy electricity (then the GRTN and now the GSE) at a price made up of the following two components:

- the incentive component (recognized only for the first eight years): based on an estimate of the additional costs for each individual technology;
- the avoided cost component (recognized for the whole term of the purchase agreement, up to 15 years): plant, usage and maintenance costs plus the cost of the purchase of fuel.

As is known under the 2007 Finance Law access to the incentive was restricted to plants fuelled by renewable sources, without prejudice to the existing situation. Law no. 310 of December 30, 2008 moreover returned to the subject, admitting the recognition of the incentive to plants fuelled by similar sources allowed access to such for reasons connected with a waste emergency declared by the Prime Minister.

Following the expiry of the Snam/Confindustria "Long-term agreement for the supply of gas for the production of electricity for sale to third parties", the reference point for updating the withdrawal price for the component covering avoided costs (the CEC), the Electricity, Gas and Water Authority, as permitted by the legislator by article 2, paragraph 141 of Law no. 244/07 and article 30, paragraph 15 of Law no. 99/09, intervened with provisions no. 249/06 and ARG/elt no. 158/04 (the subject of litigation which continued for so long that at the end of 2013 the Authority made a proposal to operators to review the means of calculating the Avoided Fuel Cost component applicable for the electricity withdrawn in 2008), and finally with the publication of opinions sent to the Ministry concerning the most suitable means of updating the reference formula.

Changes in laws and regulations regarding the CIP 6/92 incentives

By way of Decree Law no. 69 of June 21, 2013 ("Decreto del Fare"), converted by Law no. 98 of August 9, 2013, the government set the value of the CEC for 2013 and following years.

From 2014, the value of the CEC – as far as the gas CEC is concerned – must be updated quarterly on the basis of the procurement cost of natural gas on the wholesale markets, as determined in Deliberation no. 196/2013/R/gas as amended.

As far as the waste management cycle is concerned, for waste-to-energy plants situated in emergency areas the value of the CEC must on the other hand be calculated on the basis of the basket as per Law no. 99/2009, with oil products having a weight of 60% until the completion of the eighth year of activities.

By way of Opinion no. 503/13/I/eel, the Authority reported to the Ministry of Economic Development the guidelines used to calculate the CEC for 2013 and subsequent years, implementing the provisions of the decree.

In compliance with the proposed decisions, the balance due for CEC in 2013 and the advance for the first quarter of 2014 were established by means of the Decree of January 31, 2014. Specifically, the decisions were found to be:

- for 2013, more favorable for plants not located in waste crisis areas;
- for the first quarter of 2014, more favorable for plants located in waste crisis areas (Acerra for the A2A Group) which were able to continue to benefit from an indexing applied to the PTOP.

The Ministry has also provided for the simplification of the procedure for establishing the relevant advance and settlement values for the operators included in the convention, leaving the Authority the task of calculating and publishing them on its website, subject to prior notification to the MSE, starting from the second quarter of 2014.

Pursuant to the provisions of the decree, in communications of May 5, 2014 and July 30, 2014 and lastly October 24, 2014, the Electricity, Gas and Water Authority subsequently published the quantification of the values of the CEC as per Section II point 2 of provision no. 6/92 of the CIP on account (respectively) for the second, third and fourth quarters of 2014 for waste-to-energy plants that have been in service for not more than eight years and for plants situated in waste emergency areas, as well as for plants not falling in these categories, with reference to the relative period of entry into service. In February 2015, the GSE provided the update of CIP 6 sale prices for 2014 (balance) and for the first quarter (advance payment), specifying that for plants commissioned in the two-year period 2001-2002 and subsequent (which are subject to the provisions of article 5, paragraph 5 of Decree Law 69/2013) the CEC value to be paid amounts to 7.01 €/kWh for 2014 and 6.46 €/kWh for the first quarter of 2015.

Auxiliary services

On the completion of inspections carried out by the AEEGSI at a number of the Group's subsidized plants a request was made for the return of a part of the subsidies received, a portion considered unduly credited in the years in which the relative withdrawal conventions were in force. The companies involved appealed against the repayment request but the Regional Administrative Court turned down the appeals. The operators have accordingly filed an appeal with the Council of State.

With Sentence no. 06537 of December 1, 2014, the State Council issued an opinion on the merits, confirming the obligation for A2A to return part of the CIP 6 incentives disbursed to the subsidiary Ecodeco S.r.l., now A2A Ambiente S.p.A., related to the calculation of auxiliary plant consumption.

Current regulations concerning other important incentives for the Business Unit's plants

In addition to the above, reference should also be made to the framework of laws and regulations set out in the introduction to the information provided for the Generation and Trading Business Unit for matters concerning the production of electricity by biogas fuelled plants, and more specifically the provisions on Green Certificates.

Connection of biomethane plants to distribution networks and gas transportation

In accordance with Ministerial Decree MISE (Ministry of Economic Development) of December 5, 2013 on "Incentives for biomethane injected into the natural gas grid," by Resolution

46/2015/R/gas, the Authority approved the guidelines for the connection of biomethane plants to the natural gas networks, to which network operators shall be required to adapt their network codes, and the provisions on determining the amount of biomethane eligible for the incentive.

Subsequently, by Resolution 210/2015/R/gas, it then approved the first directives on market processes relating to the placing of biomethane in networks for transport and distribution of natural gas, regulating the allocation of injections and withdrawals of biomethane as well as those for dedicated withdrawal of the same by the GSE as an alternative to the direct sale on the market and limited to plants with a production capacity of up to 500 Scm/h.

Heat and Services Business Unit

Significant events during the period

Regulation of the service

At the end of June 2014, the Italian cabinet approved on a final basis the legislative decree implementing European Directive 2012/27/EU on energy efficiency which amends Directives 2009/125/EC and 2010/30/EU and repeals Directives 2004/8/EC and 2006/32/EC.

Among the provisions adopted which have importance for the Heat and Services Business Unit are a series of measures regulating the district heating service which require the AEEGSI to establish:

- service quality, continuity and safety standards;
- criteria for calculating user connection charges and the way in which users can exercise their disconnection rights;
- the way in which prices for the supply of heat, connection, disconnection and accessory equipment should be publicized and disseminated;
- reference conditions for connection to the networks;
- heat cessation charges exclusively in the cases of new networks and if there is a connection requirement ratified by municipal or regional administrations.

By way of Resolution 411/2014/R/com, the Authority accordingly initiated a proceeding for the implementation of the legislator's provisions falling under its responsibility regarding the regulation and control of the sector consisting of district heating, district cooling and hot water for domestic use, focusing the priority action areas with subsequent resolution 19/2015/R/tlr.

In order to remedy the restrictive definition of district heating contained in the aforementioned Legislative Decree Energy Efficiency, with Law no. 164/2014 converting Decree Law no. 133/2014 ("Unblock Italy" Decree Law) the legislator amended this definition, thus resolving the inconsistency with as mentioned in the same EU Directive of reference.

Networks Business Unit

Recent changes in legislation in the transportation and distribution sector

Transportation of natural gas

Transportation tariffs

By way of Resolution 514/2013/R/gas, the Authority approved the regulation for the tariff of the transportation service for the IV Regulatory Period (2014-2017). The most important points to be found in the new regulatory framework include the determination of the remuneration rate for fixed capital, set at 6.3% (with a regulatory lag of +1% for future investments), the reformulation of incentivized investments and the maintenance of a capacity and commodity tariff articulation, but with the addition of an equalization mechanism for the variable part. Lastly, it provides for the phasing out of the regional fee reduction applied to points located within 15 km of the national network, introduced pursuant to Resolution ARG/gas no. 184/09.

In July, the State Council, validating the sentence of the Lombardy Regional Administrative Court no. 1729/2014, confirmed the annulment of said regulation, and therefore the transport tariffs for the period 2014/2017, in the part in which the provisions of article 38, paragraph 2-bis of Decree Law 83/2012 were not complied with, which required the Authority to "adapt the system of transport tariffs of natural gas in accordance with criteria that make the transport service more flexible and cost-efficient for the benefit of those with higher consumption of natural gas".

In this regard, it is recalled that in June, the State Council, accepting an appeal by Enel Trade, had previously stated the unconstitutionality of transport tariffs for the previous 2010-2013 period, as penalizing for some importers, and therefore annulling at the same Resolutions ARG/gas 184/09, 192/09, 198/09 and 218/10.

Distribution of natural gas

Allocation and performance of the distribution service

Following the reform of the means of allocating the natural gas distribution service, 177 “Minimum Territorial Ambits” were defined (the Ministerial Decree of January 19, 2011 and the Ministerial Decree of October 18, 2011), for which tenders will be called for the allocation of the service in accordance with the requirements of the tender regulation (Ministerial Decree November 12, 2011 no. 226, as subsequently integrated and amended). Regulations have also been adopted to protect the jobs of the employees of the operators involved in the restructuring of the sector (Ministerial Decree April 21, 2011). In recent years, several provisions have intervened amending Legislative Decree 164/2000 and Ministerial Decree 226/2011 with particular reference to the procedures for determining the reimbursement to be paid to the outgoing manager and calling tenders. In particular, by way of the Ministerial Decree of May 22, 2014 guidelines have been approved regarding the criteria and means of application for determining the reimbursement value of the natural gas distribution plants. May 20, 2015, no. 106 has modified Ministerial Decree 226/11 in order to implement the new regulations with regard to the calculation of the redemption value of the plants, especially with regard to the treatment of contributions and the application of the guidelines, the economic offer, and in particular with regard to fees and offers relating to investments in energy efficiency, as well as procedural additions concerning the management of tenders by the Contracting Stations.

As part of the tasks entrusted by the legislator to the regulator, the Authority, by Resolution 571/2014/R/gas amended the service contract scheme for the distribution of natural gas, and lastly, by Resolution 407/2015/R/gas, amended the provisions adopted by Resolution 310/2014/R/gas in the determination of the redemption value of the distribution networks of natural gas, particularly in relation to the methodological aspects for identifying cases with discrepancy between VIR and RAB greater than 10%.

Reference should be made to the following paragraphs for an analysis of the provisions on the regulation of the tariffs for distribution and metering services related to territorial management for the period 2014-2019.

Distribution and metering tariffs and regulating gas quality

By way of Resolutions 573/2013/R/gas and 574/2013/R/gas the Authority approved the regulation of the tariff for municipal and supra-municipal management and the quality of the service for the distribution and metering of gas for the IV regulatory period (2014-2019). Subsequently, by Resolution 367/2014/R/gas, the Authority integrated the tariff regulation introducing the provisions applicable to the management of scope, while by Resolution

396/2015/R/gas, the timing was changed of the equalization mechanisms. The provisional values of the 2015 tariffs were approved by way of Resolution 147/2015/R/gas.

As in previous regulatory periods, the tariff system for the IV period also provides for tariff decoupling between the reference tariff, in order to determine the allowed revenues of the individual operator, and the mandatory tariff, actually applied to end users at a macro-area tariff level. The differences arising between the revenues admitted and those actually obtained are then eliminated through appropriate equalization mechanisms. The reference tariff is calculated in such a way as to ensure: 1) that net invested capital is remunerated; 2) that depreciation is covered, calculated on the basis of the useful lives valid for regulatory purposes; and 3) that operating costs are covered, calculated on a parametric basis and updated through a price-cap method using an X-factor depending on the size of the company. The invested capital remuneration rate for 2014-2015 has been set at 6.9% for the distribution service and 7.2% for the metering service; these values will be updated at the end of 2015 applying the new calculation method and updating the WACC, the subject of the document for Consultation 275/2015/R/com. Furthermore, to minimize the time lag with which remuneration of the investments is recognized the tariffs have been determined also bearing in mind the pre-closing value of the investments for the year t-1. Unlike the previous regulatory period the incentives for certain types of investment are recognized as part of the regulation of quality.

Finally, by way of Resolution 631/2013/R/gas as last amended by Resolution 651/2014/R/gas, the Authority modified the obligations regarding installation and commissioning previously established by Resolution 28/2012/R/gas of the smart gas meters and introduced some additional specifications relating to the recognition methods of said assets in the tariff.

Reform of the regulation of measuring the delivery points of the distribution network

By Resolution 117/2015/R/gas and in accordance with Legislative Decree 102/2014 (Energy Efficiency), the Authority has taken steps to reform the regulation of the measure of the delivery points of the distribution network. New provisions were then introduced on recognition and management of remote meter reading and new methods and timing for detection and provision of switching readings.

Distribution default service

By Resolution 417/2015/R/gas, the Authority integrated the discipline of the Transport Default Service with effect from October 1, 2015, relating to the causes of service activation, disbursement conditions, and the coverage mechanism of charges due to non-payment referred to in Resolutions 306 and 363/2012/R/gas.

Subsequently, by Resolution 443/2015/R/gas, AEEGSI accepted the intention of the company Snam Rete Gas to carry out the service for thermal year 2015/2016, and therefore not to call tenders to identify alternative suppliers for said period. In this regard, regional network operators were able to demonstrate the need to urgently identify an alternate entity to ensure balance.

Electricity distribution

Distribution and metering service tariff framework

By way of Resolution ARG/elt 199/11, the AEEGSI adopted the Consolidated Text of provisions to regulate the transmission and distribution of electricity (TIT) and the Consolidated Text of provisions regulating the supply of the Electricity Metering Service (TIME) for the IV regulatory period (2012-2015).

With reference to the distribution service, many of the tariff regulation schemes already in force during the previous regulatory period were maintained, in particular:

- the adoption of tariff decoupling, which requires a mandatory tariff to be applied to end users and a reference tariff for the definition of revenue restrictions, specific by operator calculated on the basis of the number of users (PoD);
- the application of the profit-sharing method for the definition of initial operating cost levels to be recognized in the tariff;
- the updating of the tariff quota covering operating costs through the price-cap method, setting the annual objective for increased productivity (X-factor) at 2.8% for distribution activities;
- the evaluation of invested capital using the revalued historical cost method;
- the definition of the rate of return on invested capital through WACC;
- the calculation of depreciation on the basis of the useful lives valid for regulatory purposes.

Limited to tariff regulation of the metering service, the Authority set the value of the X-factor at 7.1% per annum.

By way of Resolution no. 607/2013/R/eel the Authority revised the capital remuneration rate, which for the 2014-2015 tariffs will be 6.4% (+1% for investments made after 2012 to cover the (regulatory lag). In addition, the same resolution amended the treatment of grants (in particular lump sum grants) which, unlike the past, are deducted from the invested capital and not from the recognized operating costs.

In view of the expiry of the regulatory period, the Authority, by way of Resolution 483/2014/R/eel, has initiated the procedure for defining the tariff regulation in Regulatory Period V, within the scope of which various consultation documents were published containing the guidelines of the Authority on the matter; this procedure will include the update of the methodology and criteria for the calculation of the rate of return on invested capital that will be applied to all network services, both in the electricity and gas sectors, regulated by the Authority.

In addition, by consultation document 416/2015/R/eel, the AEEGSI presented its guidelines on the definition of the functional specifications of smart second-generation meters of low voltage electricity, in compliance with Legislative Decree no. 102/2014. In this regard, the Authority shall identify functional specifications for "second generation" (2G) meters and some general criteria to be followed for the design of smart metering 2G systems (future-proof design).

By Resolution 146/2015/R/eel, the Authority determined the updating of reference tariffs for the electricity distribution service for the year 2015.

By Resolution 268/2015/R/eel, the Authority approved the Network Code Type for the electricity transport service with reference to issues of contractual guarantees and the administrative aspects of billing and payment of fees associated with the transport service and provision of measurement data.

Lastly, the Authority published Resolution 377/2015/R/eel by which it has approved the new mechanism for calculating the equalization between standard and actual losses, as well as the update of loss factors for medium voltage supplies. This decision confirms the value derived from the transitional mechanism.

Provisions common to both sectors

By Resolution 296/2015/R/com of June 23, the Authority approved the new provisions on functional separation (TIUF).

With respect to the previous provisions of the TIU (annex to Resolution no. 11/07), the most significant amendment is the introduction of brand unbundling (for which reference is made to the specific paragraph in the section dedicated to the Commercial Business Unit).

Energy saving and efficiency

Legislative Decree transposing the European Directive on energy efficiency

Among the measures adopted by the Legislative Decree implementing European Directive 2012/27/EU on energy efficiency, in addition to the provisions adopted on district heating the following matters are noted, being of particular importance for the Networks Business Unit:

- the requirement to ensure that entities carrying out metering activities provide users with individual meters that accurately measure their actual consumption and provide information on actual time of use ("smart meters");
- provisions for superseding the electricity tariff structure using a sliding scale based on consumption and adjusting components to the cost of the actual service.

Integrated water service

Duration of existing allocations

Following the referendum, which took place on June 12 and 13, 2011 the legislative provisions referred to in the questions involved were repealed, including article 23-bis of Decree Law no. 112/2008 on the assignment of local public services of economic importance.

Regarding existing management, as enshrined in article 34 of Decree Law 179/12 converted into Law 221/12 and supplemented by Law July 29, 2015, no. 115, art. 8 paragraph 1, entrustment of services to companies listed and subsidiaries of listed companies, such as those relating to the entrustments to A2A, will remain active until natural expiry.

Also in execution of the amendments of Legislative Decree 152/06 made by art. 7 Decree Law 133/14 as amended, at the meeting of September 17, 2015, the Board of Directors of the Ambit Office, by Resolution no. 14, chose as form of single management of the Integrated Water Service in the Optimal Territorial Ambit of the Province of Brescia, the mixed company, with the consequent elimination, subject to the safeguards of law including thus the entrustments to the company, of all the other various forms of management in the meantime identified by the Ambit Authority on the territory of competence. On October 9, the Conference of Commons expressed binding opinion and on October 19, the Provincial Council adopted Resolution 38 on the form of management, thus completing the approval process.

Tariff regime

By way of Resolution 643/2013/R/idr, in fulfillment of the provisions previously adopted for the first regulatory period 2012-2015, the Authority determined the Water Tariff Method (MTI) for 2014 and 2015 and established the means and timing of the approval of the tariffs for 2012 and 2013, with reference to operators for which approval has not yet been formally resolved (which include the companies of the A2A Group) due to non-fulfillment on the part of the territorial entities.

To calculate the costs recognized in the tariff, a specific scheme ("regulatory scheme") is included in the MTI which provides for four alternative methods of calculation (quadrants):

- based on the ratio, for each operator, between investment needs for the period 2014 -2017 and the value of the existing infrastructures (in particular, "financial amortization" is recognized in the case where that ratio is less than the reference value (equal to 0.5));
- depending on whether or not changes are made to the operator's objectives or activities (higher coverage levels are recognized in case of changes in the scope of the activities managed).

Lastly, on January 21, 2015, the Ambit Office informed Managers that, pursuant to Resolution AEEGSI 643/2013, the Board of Directors determined by way of Resolution no. 12/2014 the theta tariff multipliers for the years 2014 and 2015 and transmitted the value of the theta tariff multiplier for the year 2015 and the new tariff structure, applied with effect from January 1, 2015. The Province of Brescia, Government Entity of the ATO, has approved the proposal of the Board of Directors of the Area Office no. 12/2014 with Resolution of the Provincial Council no. 13/2015, passed on March 30, 2015.

The Government Entity carried out the necessary evaluations aimed at the formulation of substantiated request of over-cap for the operator A2A Ciclo Idrico S.p.A. approved at the meeting of the Board of Directors of the Ambit of the Province of Brescia on September 17.

EPCG Business Unit

Production

One of the energy policy objectives of the Montenegro government is an increase in the use of renewable energy by the country.

More specifically, in September 2011 the government introduced an incentivizing tariff (by way of the "Decree on the Tariff System for the Establishment of Preferential Prices of Electricity from Renewable Sources of Energy and Efficient Co-generations") to support the production of energy from renewable energy sources (FER). Power Purchase Agreements with the market operator CGES having a 12 year term are envisaged for purchasing the energy produced, at prices annually adjusted for inflation. In October 2012, with the approval of provisions designed to implement Directive 2009/28/EC by the Energy Community, Montenegro also accepted the setting of a binding objective of 33% for the production of energy from renewable sources as a percentage of total consumption.

Transmission and distribution tariffs/sales prices

At the end of 2011, the Energy Regulatory Agency (RAE), the autonomous and independent body having the function of regulating the energy sector, approved the method to be used for calculating electricity transmission and distribution tariffs, together with the means for establishing energy prices for sales to end customers.

The new method introduces regulatory elements into Montenegro law that are similar to those in force in the principal European countries, such as the establishment of multi-year regulatory periods, the introduction of capital valuation methods and a remuneration rate and the means of making the sector more efficient through the use of price caps.

The first regulatory period started on August 1, 2012 and has a three-year term. For the first year, a WACC (weighted average cost of capital) of 6.8% is applied to net invested capital (meaning the value of the assets in use at the end of year t-1, stated less of any grants received and revalued for inflation). Capital is updated annually on the basis of investment plans approved by the Agency, while depreciation is charged over the useful lives included in the documents sent to the Agency on making the request for approval of the tariffs. Operating costs are calculated by applying a profit-sharing logic, starting from the figures sent by the company to the Agency.

At the present moment, the tariffs calculated for the third year of the new regulatory period, which began on August 1, 2014 and was originally to have ended on July 31, 2015, are in force. The duration of this final year of the new regulatory period (as well as the regulatory period itself) has however been extended to the end of 2015 in order to align the new period beginning on January 1, 2016 to the calendar year.

Finally, at the end of December 2013 the RAE unexpectedly approved a provision to amend the current tariff methodology, impacting the method of calculating the fees for using the electricity transmission grid borne exclusively by the generation operators, with effect originally planned for the period between January 1, 2014 and July 31, 2015 but recently extended to December 31, 2015 (as seen for the term of the third year of the tariff regulatory period as well as the regulatory period itself). EPCG has filed an appeal for the annulment of this decision, which it believes is based on premises which are not in line with the principles of transparency and non-discrimination that should form the basis of the regulation, and which appear to be extremely detrimental to the economic and financial balance of the company. This appeal was upheld in the first instance, although the RAE has opposed this judgment. A final ruling by the courts is currently awaited in this respect.

Currently, the RAE is considering setting tariffs for a new transition period of only one year, from January 1, 2016 until December 31, 2016, after which the tariff methodologies will be redefined for a three-year regulatory period (from 2017 to 2019). By the end of the year, the new tariffs will be published, which will thus be valid only for 2016.

Scenario and market

Macroeconomic scenario

Balance of the third quarter of 2015

The slowdown in emerging countries is driving global growth downwards, while recovery in advanced economies is improving gradually. According to the IMF, emerging economies are affected by the collapse of raw material prices and, in some cases, political instability. This growth was down for the fifth consecutive year and is expected to reach 4% as forecast for 2015 (source: IMF).

The figures for Chinese GDP in the third quarter of 2015 certify the decline in the rate of economic expansion of Beijing below the 7% threshold for the first time since the beginning of the global financial crisis. With regard to the US, the Federal Reserve revised upwards GDP of the second quarter of 2015 to +3.9% from a previous +3.7%. The upward revision of US growth was driven by strong increases in consumer spending and the recovery in the construction sector.

In the second quarter of this year, Eurozone GDP grew by 0.4%, in line with the previous forecast. In the second part of 2015, GDP is expected to expand at a moderate pace: +0.4% in the third quarter and +0.5% in the fourth quarter (source: ISTAT). On average this year, growth was revised upwards and the forecast is for GDP expansion of 1.6% in 2015.

With regard to Italy, according to ISTAT, GDP growth is expected at +0.3% in the third quarter of 2015, with a confidence interval of between +0.1 and +0.5%. In the presence of a slowdown in exports, influenced by the slowdown in emerging economies, domestic demand will make a positive contribution to GDP. In this scenario, the growth acquired for 2015 is expected at around 0.7%.

Global inflation has remained substantially unchanged at low levels in the major advanced economies. Outside the OECD, general deflationary pressures persist in China and India. In Brazil and Russia, however, inflation has remained high since the depreciation of the local currency has caused an increase in import prices.

Inflation in the Eurozone returns to negative. The consumer price index developed by Eurostat dropped in September by 0.1%, returning to negative for the first time since March. The index was driven downwards especially by energy prices, which fell by 8.9%.

With regard to Italy, Istat has revised downwards its estimates for inflation in September. The consumer price index for the whole nation (NIC) decreased by 0.4% on a monthly basis and increased by 0.2% on an annual basis (the preliminary estimate was +0.3%), recording the same trend rate of the prior three months. The energy component has continued to contribute deflation, with falling prices that was extended further (-7.6% on an annual basis).

The EUR/USD exchange rate stood at 1.12 dollars in September 2015, up slightly compared to July and August. In the third quarter of 2015, the average value of the EUR/USD exchange rate was equal to 1.11, recording a slight increase compared to the level recorded in the previous quarter and consolidating the recovery trend of the euro against the dollar, which touched lows in April, with the exchange rate at 1.08. The average EUR/USD exchange rate in the first nine months of 2015 stood at 1.11 compared to 1.36 in the same period of the previous year.

At its meeting of September 3, 2015, the Board of Directors of the ECB decided to leave benchmark interest rates unchanged at 0.05% and proposed to strengthen (adjusting it in size, composition and duration) the "Quantitative Easing", as it will take longer than expected to achieve inflation close to 2%. Even the Federal Reserve and the Bank of Japan decided to keep official rates unchanged respectively at 0.25 and 0.1%.

Outlook

The outlook for global growth continues overall to report a modest and uneven recovery. On the one hand, business in advanced countries is supported by the low level of oil prices, by the continuation of accommodative financial conditions, the depletion of fiscal consolidation measures and the improvement in labor markets. On the other hand, the prospects of emerging market economies (EME) have deteriorated since some countries perceive the halt effects on growth exerted by structural impediments and macroeconomic imbalances, while others are in an adjustment phase in response to the fall in prices of raw materials and tightening of external financing conditions.

The United States will grow by 2.6% in 2015 and 2.8% in 2016 (respectively +0.1 percentage points and -0.2 percentage points compared with the July estimates). Russia and Brazil are the countries affected by the most marked downward revisions. In Brazil, a recession of 3% is expected this year and 1% the following year; in Russia, the heaviest economic recession is expected among the "BRICS" countries and a decline of -3.8% is expected in 2015. Unchanged estimates on China, which is expected to grow by 6.8% in 2015 and 6.3% in 2016, against +7.3%

in 2014. In contrast, emerging economies, after recording for five consecutive years a decline in growth, which is expected at 4% in 2015, is expected to record a rise in GDP to 4.5% in 2016 (source: IMF).

With reference to the Eurozone, the IMF confirmed a forecast growth in 2015 of 1.5%, identical to that of July, and 1.6% in 2016, revised downwards by 0.1 percentage points with respect to previous estimates.

Prospects also improve for the Italian economy, for which the IMF has revised upwards its previous estimates. Italian GDP, compared to the last forecast in July of the IMF, will record +0.7% in 2015 and +1.3% in 2016, with an upward revision of 0.1% in both years.

In the face of global inflation that for 2015 is expected at a low level, reflecting the drop in energy prices, in perspective, a gradual increase is estimated. It is indeed expected that the effect of the drop in commodity prices will be exhausted in the short term leading, in the medium to long term, to a recovery in inflation.

With regard to the Eurozone, ECB experts estimate that in the short term, consumer inflation in the twelve months will continue to be around zero, with a forecast of +0.2% in the fourth quarter of 2015. Inflation is expected to increase moderately to reach 0.5% in the first three months of 2016, supported by the recovery of the economy and the assumption of an oil price increase, as is clear from the markets of futures contracts for crude oil.

Estimates on prices in Italy have been revised upwards by the EU Commission: there will be no deflation this year. In 2015, the consumer price index is expected to stand at 0.2%.

The latest "consensus" also foresee an increase in consumer prices of 1.0% in 2016.

According to the IMF, unemployment in Italy will amount to 12.2% this year before declining to 11.9% in 2016, after 12.7% in 2014.

The EUR/USD exchange rate has maintained a bullish trend, taking advantage of the phase of generalized weakness of the dollar caused by the recent decision of the FED to continue to maintain interest rate unchanged in the US at a record low, in the range between 0% and 0.25%.

Determinants will be the divergent monetary policies of the ECB and the FED: the one hand, the FED, about to revise interest rates, on the other hand, the ECB that proposes to expand the "Quantitative Easing" program, an element that is expected to help limit bullish thrusts on the EUR/USD exchange rate. It is estimated that the exchange rate will continue to fluctuate in the range between 1.11 and 1.15 until November, with the possibility of a decline in the last month of the year.

Energy market trends

Prices of energy commodities were significantly affected in the first nine months of the year by the uncertainties in the world macroeconomic situation and the weakness of the basics of supply and demand on the reference markets.

The price of Brent recorded a rather fluctuating trend, reaching an average value of 56.7 $/bbl (corresponding to 50.9 €/bbl), down by about 47% compared to as recorded in the same period in 2014.

Starting from the lows in January, well below 50 $/bbl, after reaching the maximum of the year of around 67 $/bbl in mid-May, the price has returned to below 50 $/bbl, with particular reference to the situation of oversupply and the slowdown of the Chinese economy, reaching a monthly average of 48.6 $/bbl in September.

The downward pressure on prices is having its first effects also on supply. If the OPEC countries for the moment seem to rule out production cuts, in the United States, these price levels have led to the stop of many plants. In the past three months, average production fell by 0.5 Mbbl/d (million barrels per day), from 9.6 Mbbl/d to 9.1 Mbbl/d. Throughout 2015, supply is expected to grow 2.3 Mbbl/d, half attributable to the increase in OPEC production alone. For 2016, the forecast of the EIA (US Energy Information Administration) is of substantial stability in supply, due to the sharp slowdown in non-OPEC countries, which are reacting to the sharp fall in prices.

With regard to demand, the IEA (International Energy Agency), despite signs of a slowdown in the Chinese economy, has maintained unchanged the forecast for 2015, which foresees expected growth of 1.6 Mbbl/d and has published an estimate for 2016 of 95.7 Mbbl/d.

Expectations are therefore of a price that can continue, subject to unforeseen events, to fluctuate around 50 $/bbl from now to year end.

Coal prices continued the downward trend in the third quarter, driven by the performance of the oil market and the fall in Chinese demand. The average price of coal with delivery to the Amsterdam-Rotterdam-Antwerp ports (Coal CIF ARA) was 58.3 $/tonne in the first nine months of 2015, a fall of around 23.5% over the same period the previous year. The recovery of prices only in February and March 2015 was modest: the price remained below the average value of the corresponding period of 2014 of over 15 $/tonne.

Electricity

As far as the domestic electricity market scenario is concerned, there was a net requirement of electricity in Italy in the first nine months of 2015 of 237,392 GWh (source: Terna), up 1.9% compared to the same period the previous year, amounting to 233,031 GWh; on a seasonally adjusted basis, the change was +1.7%.

In September, the demand for electricity in Italy was 26,449 GWh (source: Terna), an increase of 1.0% compared to the figure recorded in September 2014.

Net electricity production amounted to 205,799 GWh, up 0.9% over the same period of 2014. The normalization of water availability led to a sharp fall in production from hydroelectric sources, which stood at 36,257 GWh, a decrease of 23.1% compared to the same period in 2014. The production of thermoelectric energy benefited from this decline, which increased by 8.5% over the first nine months of 2014. Production from renewable sources also increased: wind +2.5%, photovoltaic +9.5%, geothermal +4.3%. Average hours of operation estimated at national level for all thermoelectric technologies for the first nine months of 2015 were up 8% compared to the same period in 2014.

National production, excluding pumping, accounted for 86% of the demand for electricity, while net imports satisfied the remainder.

In terms of prices, the Base Load PUN (Single National Price) in the first 9 months of 2015 rose by 4.7%, amounting to 52.1 €/MWh against 49.8 €/MWh in the corresponding period of 2014. The price in peak hours increased by 3.3% over the same period of the previous year (PUN Peak Load at 57.1 €/MWh vs. 55.3 €/MWh) as well as the price in low load hours, which recorded an increase of 5.5% compared to the corresponding period of the previous year (PUN Off-Peak at 49.34 €/MWh vs. 46.75 €/MWh).

Natural Gas

In the first nine months of 2015, the demand for natural gas increased by 8.5% over the same period of 2014, reaching 47,225 Mcm (source: Snam Rete Gas) as a result of significant increases recorded in the summer months mainly due to the production of energy from thermoelectric sources. In August, consumption continued the course of growth, began in June and considerably strengthened in July, with an increase of approximately 16% over the same month of the previous year, while in September, natural gas consumption in Italy recorded a slight decrease on an annual basis (-0.4%).

In the first nine months of 2015, growth was supported by the residential and commercial segments with an increase of 9.5% compared to the first nine months of 2014, and the thermoelectric sector, which recorded an increase of 14.4%, reaching 14,785 Mcm. Industrial consumption recorded a decrease of 1.4%.

Imports accounted for approximately 90.3% of demand, net of the storage trend, while domestic production covered the remainder, amounting to 4,817 Mcm (-6.8% over the same period of 2014) with values falling to lows.

The gas price on the PSV (the benchmark spot market for gas in Italy) for the first nine months of 2015 was 22.87 €/MWh, up 2.7% over the same period of 2014, while the gas price on the TTF (the benchmark spot market for gas in northern Europe) was 20.73 €/MWh, up 1.3% over the same period of the previous year. This discordant trend resulted in an increase in the differential between the PSV price and the TTF price reaching an average in the nine months of 2.1 €/MWh.

Results
sector by sector

Results sector by sector

From January 1, 2015, the Group undertook a process of organizational change in order to make the organization effective and oriented to achieve results with dedicated Business Units. This resulted in a shift from an organizational structure based on sector to an organizational structure based on Business Units. In particular, the following Business Units were identified:

- Generation and Trading Business Unit
- Commercial Business Unit
- Environment Business Unit
- Heat and Services Business Unit
- Networks Business Unit
- EPCG Business Unit
- Other Services and Corporate

The reorganization resulted in, among other things, a review of reporting flows under which the Management defines and adopts the main strategic decisions by managing the businesses of reference. This reorganization was also reflected in the preparation of the 2015-2019 Strategic Plan that was approved by the Board of Directors on April 9, 2015.

The A2A Group operates in the following "Business Units":

Generation and Trading Business Unit

The activities of the Generation and Trading Business Unit are related to the management of the generation plant portfolio[1] of the Group. The "Generation" sector has the specific goal of maximizing plant availability and efficiency, minimizing operating and maintenance (O&M) costs. Instead, the "Trading" sector has the task of maximizing the profit from the management of the energy portfolio through the purchase and sale of electricity, fuel (gaseous and non-gaseous) and environmental certificates on domestic and foreign wholesale markets. This Business Unit also includes the activity of trading on domestic and foreign markets of all energy commodities (gas, electricity, environmental certificates).

Commercial Business Unit

The activities of the Commercial Business Unit Sales are aimed at the retail sale of electricity and natural gas to customers in the free market and sale to customers served under protection scheme.

Environment Business Unit

This Business Unit's activity relates to the whole waste management cycle, which ranges from collection and street sweeping to the treatment, disposal and recovery of materials and energy.
In particular, collection and street sweeping mainly refers to street cleaning and the collection of waste for transportation to its destination.
Instead, waste treatment is an activity that is carried out in dedicated centers to convert waste in order to make it suitable for the recovery of materials.
Lastly, disposal of urban and special waste in combustion plants or landfills ensures the possible recovery of energy through waste-to-energy or the use of biogas.

(1) Total installed capacity of 8.9 GW.

Heat and Services Business Unit

This Business Unit's activity is mainly the sale of heat and electricity produced by cogeneration plants (mostly owned by the Group). Cogenerated heat is sold through district heating networks. The Business Unit also ensures the operation and maintenance of cogeneration plants and district heating networks, as well as management services of heating plants owned by third parties (heat management services).

Networks Business Unit

This Business Unit's activity consists of the technical and operational management of networks for the distribution of electricity, the transport and distribution of natural gas and the management of the entire integrated water cycle (water captation, aqueduct management, water distribution, sewerage network management, purification). Also included are activities relating to public lighting, traffic regulation systems, the management of votive lights and systems design services.

EPCG Business Unit

The Business Unit includes the activities carried out by the investee company Elektroprivreda Crne Gore AD Nikšić (EPCG)(2) in relation to the production and sale of electricity in Montenegro and the operational technical management of the related electricity distribution networks.

Other Services and Corporate

Other Services include video-surveillance, data transmission, telephony and internet access services.

Instead, Corporate services include the activities of guidance, strategic direction, coordination and control of industrial operations, as well as services to support the business and operating activities (ex. administrative and accounting services, legal services, procurement, personnel management, information technology, communications etc.) whose costs, net of amounts recovered from accrual to individual business units based on services rendered, remain the responsibility of the Corporate.

(2) Total installed capacity of 0.9 GW.

Generation and Trading Business Unit

The following is a summary of the main quantitative and economic data relating to the Generation and Trading Business Unit.

Quantitative data - electricity sector

3rd quarter 2015	3rd quarter 2014	*GWh*	09 30 2015	09 30 2014	Changes	% 2015/2014
		SOURCES				
3,708	**2,907**	**Net production**	**9,701**	**8,608**	**1,093**	**12.7%**
2,415	1,184	- thermoelectric production	6,128	3,841	2,287	59.5%
1,292	1,722	- hydroelectric production	3,570	4,765	(1,195)	(25.1%)
1	1	- photovoltaic production	3	2	1	50.0%
9,596	**8,644**	**Purchases**	**28,801**	**28,660**	**141**	**0.5%**
1,750	1,283	- exchange	5,477	4,852	625	12.9%
1,211	2,115	- wholesalers	4,017	6,884	(2,867)	(41.6%)
6,635	5,246	- Trading/Service portfolio	19,307	16,924	2,383	14.1%
13,304	**11,551**	**TOTAL SOURCES**	**38,502**	**37,268**	**1,234**	**3.3%**
		USES				
1,289	1,508	Sales to Group Retailers	4,016	4,416	(400)	(9.1%)
2,848	2,133	Sales to other wholesalers	8,213	6,254	1,959	31.3%
2,532	2,665	Sales on the exchange	6,966	9,674	(2,708)	(28.0%)
6,635	5,245	Trading/Service portfolio	19,307	16,924	2,383	14.1%
13,304	**11,551**	**TOTAL USES**	**38,502**	**37,268**	**1,234**	**3.3%**

Note: the sales figures are stated gross of any losses.

The Group's electricity output in the reporting period totalled 9,701 GWh, to which should be added purchases of 28,801 GWh for a total availability of 38,502 GWh.

Production grew by 12.7% over the first nine months of the previous year. In particular, the reduction in hydroelectric production (-25.1%) due to the extraordinary water availability in the same period of the year 2014 was more than offset by an increase in thermoelectric production (+59.5%) determined by higher intermediation on the dispatching services market, also following the high temperatures recorded in the third quarter of 2015.

Purchases of electricity amounted to 28,801 GWh (28,660 GWh at September 30, 2014): fewer purchases on the wholesale markets were offset by higher volumes traded as part of trading activities.

In the same period, sales growth on wholesale markets (+31.3%) more than offset the reduction in sales to the Commercial Business Unit (-9.1%), resulting in less exposure on the spot markets (-28.0%).

The amount of electricity traded in the trading context recorded an increase of 14.1%.

Taken as a whole, electricity sales made by the Generation and Trading Business Unit reached a total of 38,502 GWh (37,268 GWh at September 30, 2014).

Quantitative data - gas sector

3rd quarter 2015	3rd quarter 2014	*Millions of cubic metres*	09 30 2015	09 30 2014	Changes	% 2015/2014
		SOURCES				
710	444	Procurement	1,846	1,566	280	17.9%
(183)	(194)	Withdrawals from stock	(69)	(168)	99	(58.9%)
(3)	(4)	Internal consumption/GNC	(10)	(9)	(1)	11.1%
170	451	Trading/Service Portfolio	755	1,077	(322)	(29.9%)
694	**697**	**TOTAL SOURCES**	**2,522**	**2,466**	**56**	**2.3%**
		USES				
110	85	Commercial Business Unit uses	748	759	(11)	(1.4%)
280	104	Thermoelectric uses	623	363	260	71.6%
6	6	Heat and Services Business Unit uses	64	67	(3)	(4.5%)
128	51	Wholesalers	332	200	132	66.0%
170	451	Trading/Service Portfolio	755	1,077	(322)	(29.9%)
694	**697**	**TOTAL USES**	**2,522**	**2,466**	**56**	**2.3%**

Quantities are stated at standard cubic meters at an HCV of 38100 MJ on delivery.

In the first nine months of 2015, volume of gas sold amounted to 2,522 million cubic meters, up 2.3% over the same period of 2014 (2,466 million cubic meters).

The higher volumes sold for thermoelectric uses (+71.6%, also due to the high temperatures recorded in the third quarter) and the increase in sales on wholesale markets (+66.0%) more than offset the decrease in sales to the Commercial Business Unit (-1.4%).

The volumes of gas traded within the Trading Portfolio decreased (-29.9%).

Economic data

3rd quarter 2015	3rd quarter 2014	*Millions of euro*	01 01 2015 09 30 2015	01 01 2014 09 30 2014	Changes	% 2015/2014
649	565	Revenues	2,030	2,053	(23)	(1.1%)
99	94	Gross operating income	291	287	4	1.4%
15.3%	16.6%	% of revenues	14.3%	14.0%		
(45)	(40)	Depreciation, amortizations, provisions and write-downs	(127)	(161)	34	(21.1%)
54	54	Net operating income	164	126	38	30.2%
8.3%	9.6%	% of revenues	8.1%	6.1%		
8	10	Investments	36	25	11	44.0%

In the reporting period, the Generation and Trading Business Unit recorded revenues of 2,030 million euro, down 23 million euro compared to the same period of the previous year substantially due to lower volumes of electricity and gas sold to the Commercial Business Unit and the decline in sales prices.

The gross operating margin amounted to 291 million euro, essentially in line with the first nine months of 2014 (287 million euro at September 30, 2014). Compared to the previous year, the 2015 result benefited, nevertheless, from lower mobility charges for around 12 million euro, while it was affected, for around 42 million euro, by the non-recurrent positive elements of income recorded, mainly, in the first nine months of 2014, of which 8 million euro intercompany. Net of these effects, the gross operating margin of the Generation and Trading Business Unit was up by around 34 million euro: the excellent performance recorded in the thermoelectric sector, due to the effect of an improvement of the spreads on gas and coal and the greater quantities from combined gas cycles traded on the secondary markets(even following the high temperatures recorded in the third quarter of 2015), greater sales of environmental certificates, as well as the savings deriving from the plan to improve operational efficiency, more than offset the reduction of the margin in the hydroelectric sector due to the exceptional hydraulicity recorded in 2014 (over 61 million euro less).

Depreciation, amortization, provisions and write-downs totalled 127 million euro (161 million euro at September 30, 2014). The reduction of 34 million euro is mainly due to lower amortization of combined cycle plants, as a result of the review, at the end of 2014, of their technical economic life, as well as the effects of the write-downs from impairment recorded at the end of the previous year.

As a result of the above changes, net operating income amounted to 164 million euro (126 million euro in the first nine months of 2014).

During the reporting period, investments amounted to 36 million euro and mainly concerned extraordinary maintenance at the hydroelectric units in Mese, Udine and Valtellina for 17 million euro and environmental interventions (DeNOx) of the thermoelectric coal plant in Monfalcone for about 15 million euro. Extraordinary maintenance work was also carried out on the combined-cycle plant in Gissi for 2 million euro.

Commercial Business Unit

The following is a summary of the main quantitative and economic data relating to the Commercial Business Unit.

Quantitative data

3rd quarter 2015	3rd quarter 2014	Electricity sales	09 30 2015	09 30 2014	Changes	% 2015/2014
1,289	1,341	Electricity sales Free Market (GWh)	3,774	4,039	(265)	(6.6%)
520	476	Electricity sales under Greater Protection Scheme (GWh)	1,514	1,569	(55)	(3.5%)
1,809	**1,817**	**Total electricity sales (GWh)**	**5,288**	**5,608**	**(320)**	**(5.7%)**

3rd quarter 2015	3rd quarter 2014	Gas sales	09 30 2015	09 30 2014	Changes	% 2015/2014
63	55	Gas sales Free Market (Mcm)	371	349	22	6.3%
42	30	Gas sales under Greater Protection Scheme (Mcm)	360	401	(41)	(10.2%)
105	**85**	**Total gas sales (Mcm)**	**731**	**750**	**(19)**	**(2.5%)**

The amounts of sales are stated net of losses.

In the first nine months of 2015, there was a reduction in both sales of electricity (-5.7%) and gas sales (-2.5%) compared to the same period of the previous year.

The decline in both sectors is due to the lower number of customers served under the protection scheme and the strategic decision of the company to focus on a different mix of customers on the free market, characterized by lower consumption but higher unit margins.

Economic data

3rd quarter 2015	3rd quarter 2014	*Millions of euro*	01 01 2015 09 30 2015	01 01 2014 09 30 2014	Changes	% 2015/2014
275	275	Revenues	974	1,078	(104)	(9.6%)
24	16	Gross operating income	78	63	15	23.8%
8.7%	5.8%	% of revenues	8.0%	5.8%		
(5)	(7)	Depreciation, amortizations, provisions and write-downs	(13)	(14)	1	(7.1%)
19	9	Net operating income	65	49	16	32.7%
6.9%	3.3%	% of revenues	6.7%	4.5%		
1	1	Investments	2	4	(2)	(50.0%)

In the reporting period, the Commercial Business Unit reported revenues of 974 million euro (1,078 million euro at September 30, 2014), a decrease compared to the first nine months of 2014 due to lower volumes of electricity and gas sold to end customers (also following the different mix of customers served on the free market) and, as mentioned above, the decline in sales prices.

The gross operating margin amounted to 78 million euro, up by 15 million euro compared to the same period of the previous year.

The 2014 result however included negative non-recurrent elements of income for an amount equal to 7 million euro (attributable to the above mentioned intercompany items), while the period in question, on the contrary, recorded non-recurrent positive elements of income equal to 6 million euro. Net of these items, the gross operating margin of the Business Unit recorded an increase of 2 million euro (+2.8%) essentially due to the increase of the unit margins on the electricity free market, despite the greater imbalance costs resulting from the high temperatures recorded in the summer period.

Depreciation, amortization, provisions and write-downs totalled 13 million euro, substantially in line with the same period of 2014.

As a result of the above changes, net operating income amounted to 65 million euro (49 million euro in the first nine months of the previous year).

In the first nine months of 2015, investments of the Commercial Business Unit amounted to approximately 2 million euro and mainly concerned development and evolution maintenance on hardware and software platforms to support marketing and invoicing activities.

Environment Business Unit

The following is a summary of the main quantitative and economic data relating to the Environment Business Unit.

Quantitative data

3rd quarter 2015	3rd quarter 2014		09 30 2015	09 30 2014	Changes	% 2015/2014
212	211	Waste collected (Kton)*	682	676	6	0.9%
608	661	Waste disposed of (Kton)	1,934	1,965	(31)	(1.6%)
331	344	Electricity sold (GWh)	996	1,048	(52)	(5.0%)
101	103	Heat sold (GWht)**	751	667	84	12.6%

(*) Waste collected in the municipalities of Milan, Brescia, Bergamo and Varese.
(**) Quantities at the plant entrance.

In the first nine months of 2015, the quantity of waste collected, amounting to 682 thousand tonnes, was up by 0.9% compared to the same period of the previous year mainly due to greater volumes of waste collected in the city of Milan.

The quantity of waste disposed show instead a decrease (-31 thousand tonnes) compared to September 30, 2014 mainly due to lower waste disposed at the inert lots landfill in Corteolona and lower disposal at the waste-to-energy plant in Brescia, driven by an increase in the number of days of downtime compared to the same period of the previous year.

This decrease was partly offset by the glass treatment plant in Asti coming into operation (from July 2014) and the greater contributions made at the landfill in Montichiari.

For the reasons mentioned above, also quantities of electricity sold were lower than 52 GWh compared to the first nine months of 2014, while heat production was up (+84 thermal GWh) due to the higher quantities required by the district heating sector.

Economic data

3rd quarter 2015	3rd quarter 2014	*Millions of euro*	01 01 2015 09 30 2015	01 01 2014 09 30 2014	Changes	% 2015/2014
198	183	Revenues	604	584	20	3.4%
51	50	Gross operating income	161	165	(4)	(2.4%)
25.8%	27.3%	% of revenues	26.7%	28.3%		
(18)	(23)	Depreciation, amortizations, provisions and write-downs	(50)	(63)	13	(20.6%)
33	27	Net operating income	111	102	9	8.8%
16.7%	14.8%	% of revenues	18.4%	17.5%		
14	11	Investments	37	32	5	15.6%

The Environment Business Unit posted in the reporting period revenues of 604 million (584 million euro at September 30, 2014). The increase is substantially attributable to the services offered for EXPO 2015 and the greater quantities disposed of at the glass plant in Asti (commissioned in July 2014).

The gross operating income equalled 161 million euro (165 million euro at September 30, 2014).

Net of non-recurring items for 5 million euro, the gross operating margin recorded a drop amounting to 9 million euro, essentially due to the lower revenues from the sale of electricity from the waste-to-energy plant in Acerra (following the reduction of the CIP 6 payment caused by the drop in prices of the reference fuels) and the Group's other waste-to-energy plants (due to the drop in electricity prices).

The reduction was partially offset by the increased margin in the collection sector, mainly due to the greater services offered for EXPO 2015 and to the Municipality of Como.

Depreciation, amortization, provisions and write-downs amounted to 50 million euro (63 million euro in the first nine months of the previous year). The decline of about 13 million euro is attributable to lower provisions for risks related to tax and legal disputes.

As a result of these changes, net operating income totalled 111 million euro (102 million euro at September 30, 2014).

Investments for the reporting period totalled 37 million euro and related to maintenance and development work on waste-to-energy plants (20 million euro), treatment plants and landfills (3 million euro) and the purchase of collection vehicles and containers (14 million euro).

Heat and Services Business Unit

The following is a summary of the main quantitative and economic data relating to the Heat and Services Business Unit.

Quantitative data

3rd quarter 2015	3rd quarter 2014	GWht	09 30 2015	09 30 2014	Changes	% 2015/2014
		SOURCES				
50	**48**	**Plants in:**	**727**	**627**	**100**	**15.9%**
-	-	- Lamarmora	292	256	36	14.1%
-	3	- Famagosta	87	88	(1)	(1.1%)
7	6	- Tecnocity	49	37	12	32.4%
43	39	- Other plants	299	246	53	21.5%
116	**117**	**Purchases from:**	**962**	**868**	**94**	**10.8%**
15	14	- Third parties	201	190	11	5.8%
101	103	- Other Business Units	761	678	83	12.2%
166	**165**	**TOTAL SOURCES**	**1,689**	**1,495**	**194**	**13.0%**
		USES				
100	100	Sales to end customers	1,434	1,249	185	14.8%
66	65	Distribution losses	255	246	9	3.7%
166	**165**	**TOTAL USES**	**1,689**	**1,495**	**194**	**13.0%**

Notes:
- The figures only refer to district heating. Sales relating to heat management are not included.
- Purchases include the quantities of heat purchased from the Environment Business Unit.

In the first nine months of 2015, sales of heat to end customers showed an increase of 13.0% compared to the same period of the previous year, which was marked by a particularly mild climate.

The production and purchase of heat grew by 100 thermal GWh and 94 thermal GWh respectively.

Economic data

3rd quarter 2015	3rd quarter 2014	*Millions of euro*	01 01 2015 09 30 2015	01 01 2014 09 30 2014	Changes	% 2015/2014
15	23	Revenues	161	169	(8)	(4.7%)
(7)	(5)	Gross operating income	40	34	6	17.6%
(46.7%)	(21.7%)	% of revenues	24.8%	20.1%		
(6)	(10)	Depreciation, amortizations, provisions and write-downs	(22)	(25)	3	(12.0%)
(13)	(15)	Net operating income	18	9	9	100.0%
(86.7%)	(65.2%)	% of revenues	11.2%	5.3%		
10	19	Investments	33	44	(11)	(25.0%)

Revenues amounted to 161 million euro in the first nine months of 2015 (169 million euro for at September 30, 2014).

Gross operating margin for the period of 40 million euro rose by 6 million euro over the first nine months of 2014.

This increase, substantially driven by a more favourable climate trend over the same period of the previous year and ongoing and effective business development (in particular in the city of Milan), was partly offset by lower results achieved in the markets of environmental certificates (also following initiatives not accepted by the GSE).

Depreciation, amortization, provisions and write-downs totaled 22 million euro, essentially in line with respect to September 30, 2014.

As a result of the above changes, net operating income amounted to 18 million euro (9 million euro in the same period the previous year).

Investments for the period amounted to 33 million euro and related to maintenance and development work on district heating networks (about 23 million euro, of which 15 million euro in the city of Milan) and new cogeneration plants (10 million euro), mainly in the Milan, Brescia, Bergamo and Varese areas.

Networks Business Unit

The following is a summary of the main quantitative and economic data relating to the Networks Business Unit.

Quantitative data

3rd quarter 2015	3rd quarter 2014		09 30 2015	09 30 2014	Changes	% 2015/2014
2,941	2,661	Electricity distributed (GWh)	8,463	8,066	397	4.9%
130	119	Gas distributed (Mcm)	1,198	1,139	59	5.2%
42	45	Gas transported (Mcm)	247	235	12	5.1%
17	15	Water distributed (Mcm)	46	45	1	2.2%

Electricity distributed in the first nine months of 2015 amounted to 8,463 GWh, an increase (+397 GWh) compared to the same period of 2014, as a result of a recovery in industrial consumption and the high temperatures recorded in the summer.

Even the quantities of gas distributed and transported were up respectively by 5.2% and 5.1% over the same period of the previous year, which had been characterized by particularly mild temperatures.

Water distributed amounted to 46 Mcm (45 Mcm at September 30, 2014).

Economic data

3rd quarter 2015	3rd quarter 2014	*Millions of euro*	01 01 2015 09 30 2015	01 01 2014 09 30 2014	Changes	% 2015/2014
160	158	Revenues	511	518	(7)	(1.4%)
77	70	Gross operating income	213	208	5	2.4%
48.1%	44.3%	% of revenues	41.7%	40.2%		
(24)	(22)	Depreciation, amortizations, provisions and write-downs	(68)	(66)	(2)	3.0%
53	48	Net operating income	145	142	3	2.1%
33.1%	30.4%	% of revenues	28.4%	27.4%		
30	33	Investments	78	77	1	1.3%

In the reporting period, revenues of the Networks Business Unit amounted to 511 million euro (518 million euro at September 30, 2014).

Gross operating margin equalled 213 million euro, an increase of 5 million euro compared to the first nine months of the previous year. The 2014 result, however, included, in the electricity distribution sector, non-recurrent items of income for around 12 million euro, relative to the higher revenues recognized for the years 2012 and 2013 by AEEGSI with Resolution 258/14/R/eel.

Net of these items, the gross operating margin of the Networks Business Unit was up by 16 million euro:

- the integrated water service subsector recorded an increase in income of 4 million euro, mainly due to the tariff increases recognized by the AEEGSI;
- in the public lighting subsector, income increased by 9 million euro determined by the launch, in July 2014, of the project to replace lighting equipment in the Municipality of Milan with new energy-efficient LED lamps;
- the electricity and gas distribution subsectors recorded instead an income substantially in line with the first nine months of 2014.

Depreciation, amortization, provisions and write-downs equalled 68 million euro (66 million at September 30, 2014).

As a result of the above changes, net operating income amounted to 145 million euro (142 million euro at September 30, 2014).

Investments for the period amounted to 78 million euro and regarded:

- in the electricity distribution subsector, development and maintenance work on plants and in particular the connection of new users, maintenance work on secondary cabins, the extension and refurbishment of the medium and low voltage network and the maintenance and upgrading of primary plants (28 million euro);
- in the gas distribution subsector, development and maintenance work on plants relating to the connection of new users and the replacement of medium and low pressure piping and smart gas meters (34 million euro);
- in the integrated water cycle, work carried out on the water transportation and distribution network and the sewerage networks (12 million euro);
- in the public lighting subsector, work carried out to replace lighting systems with LED equipment in the Municipalities of Milan and Brescia (4 million euro).

EPCG Business Unit

The following is a summary of the main quantitative and economic data relating to the EPCG Business Unit.

Quantitative data - Electricity Production and Sale

3rd quarter 2015	3rd quarter 2014	*GWh*	09 30 2015	09 30 2014	Changes	% 2015/2014
		SOURCES				
669	**683**	**Production**	**2,163**	**2,143**	**20**	**0.9%**
423	393	- thermoelectric production	1,033	983	50	5.1%
246	290	- hydroelectric production	1,130	1,160	(30)	(2.6%)
318	**223**	**Imports and other sources**	**788**	**745**	**43**	**5.8%**
313	215	- import	754	733	21	2.9%
5	8	- other sources	34	12	22	n.s.
987	**906**	**TOTAL SOURCES**	**2,951**	**2,888**	**63**	**2.2%**
		USES				
754	693	Domestic market consumption	2,164	2,033	131	6.4%
92	83	Distribution losses	333	304	29	9.5%
38	30	Transmission losses	105	91	14	15.4%
6	8	Other uses	16	26	(10)	(38.5%)
97	92	Export	333	434	(101)	(23.3%)
987	**906**	**TOTAL USES**	**2,951**	**2,888**	**63**	**2.2%**

The total availability of the EPCG Group in the first nine months of 2015 was 2,951 GWh (2,888 GWh at September 30, 2014).

The EPCG Group produced a total of 2,163 GWh (+0.9% over the first nine months of 2014), of which 1,033 GWh from thermoelectric sources and 1,130 GWh from hydroelectric sources: thermoelectric production grew by 5.1% compared to same period of the previous year due to less days of shutdown of the plant in Pljevlja, while the decline in hydroelectric production (-2.6%) is mainly due to lower rainfall recorded in the summer months.

The decline in hydroelectric production, against the increase of 6.4% in domestic demand (determined by the high temperatures recorded in particular in the third quarter of 2015), led to an increase in imports and other electricity purchases (+43 GWh), as well as a reduction in export volumes (-101 GWh).

The total availability of the EPCG Group was 2,951 GWh (2,888 GWh at September 30, 2014).

Quantitative data - Electricity distribution

3rd quarter 2015	3rd quarter 2014		09 30 2015	09 30 2014	Changes	% 2015/2014
583	520	Electricity distributed (GWh)*	1,637	1,506	131	8.7%

(*) Data net of distribution losses

Electricity distributed in the medium and low voltage network amounted to 1,637 GWh (1,506 GWh at September 30, 2014) due to weather conditions recorded during 2015.

Economic data

3rd quarter 2015	3rd quarter 2014	*Millions of euro*	01 01 2015 09 30 2015	01 01 2014 09 30 2014	Changes	% 2015/2014
63	57	Revenues	181	176	5	2.8%
11	12	Gross operating income	43	42	1	2.4%
17.5%	21.1%	% of revenues	23.8%	23.9%		
(9)	(9)	Depreciation, amortizations, provisions and write-downs	(26)	(29)	3	(10.3%)
2	3	Net operating income	17	13	4	30.8%
3.2%	5.3%	% of revenues	9.4%	7.4%		
9	6	Investments	16	18	(2)	(11.1%)

Revenues of the EPCG Business Unit amounted to 181 million euro in the first nine months of 2015 (176 million euro at September 30, 2014).

Gross operating margin amounted to 43 million euro, substantially in line over the first nine months of the previous year (42 million euro at September 30, 2014).

Depreciation, amortization, provisions and write-downs equalled 26 million euro (29 million euro at September 30, 2014).

As a result of these changes net operating income amounted to 17 million euro, an increase of 4 million euro over the first nine months of 2014.

Investments amounted to about 16 million euro and mainly refer to work to replace traditional meters with remote controlled meters (approximately 10 million euro), maintenance of the primary and secondary distribution network (2 million euro), as well as maintenance work on the thermoelectric plant in Pljevlja (approximately 2 million euro) and the hydroelectric plants in Perucica and Piva (approximately 1 million euro).

Other Services and Corporate

Economic data

3rd quarter 2015	3rd quarter 2014	*Millions of euro*	01 01 2015 09 30 2015	01 01 2014 09 30 2014	Changes	% 2015/2014
42	48	Revenues	131	143	(12)	(8.4%)
(3)	(5)	Gross operating income	(12)	(16)	4	(25.0%)
(7.1%)	(10.4%)	% of revenues	(9.2%)	(11.2%)		
(5)	(4)	Depreciation, amortizations, provisions and write-downs	(54)	(6)	(48)	n.s.
(8)	(9)	Net operating income	(66)	(22)	(44)	n.s.
(19.0%)	(18.8%)	% of revenues	(50.4%)	(15.4%)		
1	1	Investments	4	5	(1)	(20.0%)

Other Services and Corporate earned revenues of 131 million euro in the first nine months of 2015 (143 million euro at September 30, 2014).

Gross operating margin was negative for 12 million euro (negative for 16 million euro in the first nine months of 2014).

The result for the first nine months of 2015 was due to positive non-recurring income items for the previous year for approximately 2 million euro. There were also lower expenses for bank charges amounting to 1 million euro.

Depreciation, amortization, provisions and write-downs equalled 54 million euro (6 million euro at September 30, 2014). This change is attributable to the allocation in the first nine months of 2015 of higher provisions for risks.

After depreciation, amortization, provisions and write-downs there was a net operating loss of 66 million euro (a net operating loss of 22 million euro at September 30, 2014).

Investments for the period amounted to 4 million euro and mainly refer to investments in information systems.

Risks and uncertainties

Risks and uncertainties

The A2A Group has a risk assessment and reporting process which is based on the Enterprise Risk Management method of the Committee of Sponsoring Organizations of the Treadway Commission (CoSO report) and best risk management practice and is in compliance with the Corporate Governance Code as updated by Consob in 2011, which states: "...*Each issuer shall adopt an internal control and risk management system consisting of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the main risks....* ".

This process requires a risk model to be set up that takes account of the Group's characteristics, its multi-business vocation and the sector to which it belongs. This model, is not a static reference, it is subject to periodic revision consistent with the evolution of the Group and the context in which it operates. The methodology adopted is characterized by the regular identification of the risks to which the Group is exposed. In this context an assessment process is carried out which, through the involvement of all its structures, allows the Group to identify the most important risks and establish the relative controls and mitigation plans. During this phase the involvement of the risk owners is essential through the use of operating methods that enable the risks regarding them, the relative causes and the way they should be managed to be clearly identified.

The methodology adopted is modular and leverages on the fine-tuning of the experience gained and methods of analysis used: on the one hand, it aims to develop the risk assessment further with specific reference to the consolidation of the mitigation process and on the other to develop and integrate risk management activities in business processes. This evolution is carried out consistent with the gradual increase in the awareness of management and the business structures about risk management issues, achieved among other things through the use of specific training support provided by the risk management department.

Set out below is a description of the main risks and uncertainties to which the Group is exposed.

Financial risks

Commodity price risk

Given the features of the sectors in which it operates, the Group is exposed to commodity price risk, namely the market risk linked to changes in the price of energy raw materials (electricity, natural gas, coal and fuel oil) and the exchange rates connected with these.

The Group has approved an Energy Risk Policy that regulates the procedures by which commodity risk are monitored and managed, or the highest level of variability to which the result is exposed with reference to the trend of prices of energy commodities.

Consistent with the provisions of the Policy, the commodity risk limits of the Group are defined and approved annually.

Market risk is managed by constantly monitoring the total net exposure of the Group's portfolio and addressing the main factors affecting the trend. Appropriate hedging strategies are defined, where necessary, designed to maintain this risk within the established limits.

The objective of stabilizing the cash flows generated by the asset portfolio and outstanding contracts is thus pursued through the use of physical contracts and derivative financial instruments, thus contributing to ensuring that there is economic and financial equilibrium in the Group.

Interest rate risk

The interest rate risk relates to the uncertainty associated to the performance of interest rates and is mainly associated with the components of financial debt at a floating rate. The volatility of financial expenses associated to the performance of interest rates is therefore monitored and mitigated through a policy of interest rate risk management aimed at identifying a balanced mix of fixed-rate and floating rate loans and the use of derivatives that limit the effects of fluctuations in interest rates.

In order to analyze and manage the risks relating to interest rate risk the Group has developed an internal model enabling the exposure to this risk to be calculated using the Montecarlo method, assessing the effect that fluctuations in interest rates may have on future cash flows.

Liquidity risk

Liquidity risk regards the Group's timely ability to meet its payment commitments. To cover this risk, the group ensures the maintenance of adequate financial resources, as well as a liquidity buffer sufficient to meet unexpected commitments. At September 30, 2015, the Group contracted revolving committed credit lines for 750 million euro, unused. It also has unused long-term bank financing for a total of 229 million euro and cash and cash equivalents totalling 552 million euro.

Liquidity risk management is also pursued by directly accessing the capital market, particularly through the Bond Issue Program (Euro Medium Term Note Programme), extended to 4 billion euro, as approved by the Board of Directors on November 6, 2014.

Default risks and covenants

At September 30, 2015, the parent company had bonds to the public for a total nominal value of 2,553 million euro as follows: 503 million euro falling due in November 2016; 750 million euro falling due in November 2019; 500 million euro falling due in January 2021; and 500 million euro falling due in January 2022; 300 million euro falling due in 2025.

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

The terms and conditions of these bond issues are in line with the market standard for this type of financial instrument. All the bonds issued by the parent company as part of the EMTN Programme (amounting in total to 2,350 million euro at September 30, 2015) contain a change of control put clause in favor of investors for any changes in control which lead to a resulting downgrading of the rating to sub-investment grade in the following 180 days. If the rating returns to investment grade within the 180-day period the put option is not exercisable.

The private bond in yen falling due in 2036 contains a put right clause in favor of the investor, which triggers if the rating falls below BBB- (sub-investment grade).

The loan agreements entered into with the European Investment Bank contain a credit rating clause guarding against a rating of below BBB- or equivalent level (sub-investment grade). In the event of a change in control of the parent company, the loan agreements entered into with the European Investment Bank falling due after 2024 (458 million euro, used at September 30, 2015 and 200 million euro, not yet used at said date) grant the bank the right to invoke early repayment of the loan on providing notice to the company containing an explanation of the underlying reasons.

The agreement entered into by the parent with Unicredit, brokered by the EIB, for which the term of the loan having an outstanding balance of 19 million euro at September 30, 2015 expires in June 2018, includes a credit rating clause that requires the company to maintain an investment grade rating throughout the duration of the loan. In the event of non-compliance there are a number of annual covenants to be respected based on the ratios of debt to equity, debt to gross operating income and gross operating income to interest expense.

The lines of revolving committed credit in Club Deal for 600 million euro expiring November 2019, bilateral for a total of 150 million euro falling due in 2017, currently unused, include a Change of Control clause which in the event of a change of control of the company causing a Material Adverse Effect allows the banks to request the facility to be extinguished and early repayment of any amounts drawn. In addition, the revolving facility in Club Deal is subject to the financial covenant NFP/EBITDA.

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

With regard to subsidiaries the loan to Abruzzoenergia S.p.A. is backed by a secured guarantee (mortgage) for a maximum of 264 million euro and contains two covenants based on the ratios NFP to shareholders' funds and NFP to gross operating income.

With reference to the subsidiary EPCG, the loans granted by the EBRD (European Bank for Reconstruction and Development) in November 2010, which has been fully drawn down, and in April 2014, drawn down for 11 million euro at September 30, 2015, for a total of 65 million euro, and include some financial covenants.

As things currently stand, no companies in the A2A Group have defaulted.

Context risks

Legislative and regulatory risk

The A2A Group operates in a highly regulated sector. As a consequence, one of the risk factors of the business is the constant and not always predictable evolution of the legislative and regulatory situation for the electricity and natural gas sectors, as well as for the sectors relating to the management of the water cycle and environmental services.

In order to deal with these risk factors the Group has adopted a policy of monitoring and managing legislative risk by having various levels of control, in order to mitigate the impact of this to the greatest extent possible.This involves collaborative dialogue with the institutions and with the bodies which govern and regulate the sector, active participation in trade associations and the work groups set up at these entities and a detailed review of changes in legislation and the provisions issued by the sector Authority.

It also involves constant dialogue with the Business Units affected by legislative changes in order to assess the potential effects in full.

The main topics involved in current changes in legislation are as follows:

- the rules governing the terms and conditions of large hydroelectric derivation concessions;
- the regulations concerning the granting of concessions for the gas and electricity distribution service;
- the reform of the integrated water service currently in progress;
- the regulation of local public services of economic importance;
- the evolution of the rules of CIP 6/92 conventions;
- forecasts of economic conditions for the supply of gas for the protected service.

For the above matters reference should be made to the section on “Changes in legislation” of this Report, under the various Business Units.

Regarding large hydroelectric concessions, the Lombardy Region, by way of Regional Law of December 30, 2014 no. 35 (published in BURL December 31, 2014), has made some amendments to article 53-bis Regional Law no. 26/2003, extending until December 31, 2017 the power of the Regional Council to allow the temporary continuation of the exercise of concessions expired or due to expire, and defining in more detail the possibility of applying an additional or retroactive fee parametrised to the manager's profit. These regional standards are currently being evaluated.

With regard to procedures for the award of concessions for gas distribution, it should be noted that A2A Reti Gas S.p.A. challenged before the Regional Administrative Court, Ministerial Decree May 22, 2014 establishing the guidelines on the criteria and application procedures for the determination of the redemption value of the plants, as well as its subsequent amendments. In fact, it is believed that these guidelines introduce provisions contrary to the provisions of art. 15, paragraph 5 of Legislative Decree no. 164/2000 and art. 5 of Ministerial Decree no. 226/2011, for which they should only define the application methods. The deduction provided for by the guidelines is also challenged regarding the contributions paid by individuals of the value of the reimbursement due to the outgoing concessionaire.

As far the forecasts of economic conditions for the supply of gas for the protected service are concerned, in addition to the information provided it should also be noted that A2A S.p.A. has filed an appeal against Resolution no. 447/2013/R/gas regarding the excessively subjective nature of the mechanism which this regulates. In September, the Regional Administrative Court however rejected the appeals filed by A2A Energia S.p.A., AEM Linea Energia and Estra, confirming the full legitimacy of said mechanism.

In addition, the merit hearing at the Council of State is set for the end of October for the dispute related to Resolution no. ARG/gas89/10; by this resolution, the AEEGSI amended the way in which the price of the supply of gas for the protected service is updated by applying a reduction coefficient "k" to the indexed component of the raw material quota (QE) (a variable fee covering procurement costs): the Regional Administrative Court issued a sentence favorable to the petitioners in March 2013, a sentence against which the Authority has filed an appeal with the Council of State.

Operating risks

Business interruption risk

All of the Group's Business Units of activity involve managing production sites which are technologically and operationally complex (electric power stations, waste disposal plants, cogeneration plants, distribution networks, etc.), where a breakdown or accidental damage could lead to a lack of availability and in turn to financial losses and possibly harm to the Group's reputation due to the interruption of the services provided.

These risks are linked to a variety of factors which, in the case of certain plants, could what is more be accentuated by changes in the competitive context and in the reference markets. To the extent that the risk of unavailability of the plants may be considered an inherent part of the business and a risk that is impossible to eliminate entirely, the Group sets up preventive risk mitigation strategies at all of its Business Units to reduce the probability of such risks occurring and action strategies aimed at limiting any impact.

Safeguarding the Group's plants and infrastructure involves adopting and continuously updating procedures for scheduled maintenance, of both an ordinary and preventative nature, aimed at identifying and preventing potential critical situations, identified amongst other things on the basis of specific engineering analyses carried out by dedicated technical staff, all in line with best practices. It also involves periodically reviewing the plants and networks as well as providing specific training courses for technical personnel. In addition, the A2A Group makes widespread use of instruments for the control and remote control of technical parameters for the monitoring and timely detection of any anomalies as well as having a back-up of the components needed to guarantee operational continuity, where possible. The integration process between the specialist engineering teams in the A2A Group has led to a strengthening of the skills relating to plant performance analyses.

In addition, the progressive adoption of advanced software and sensors is planned at all of the Group's plants for calculating the actual yield of the plants, aimed at enabling an approach to be taken that is even more preventive compared to the past as far as the planning and performance of maintenance is concerned. The gradual adoption of the above controls is also envisaged in the case of the acquisition of new production sites, to facilitate their alignment to the Group's standards.

In view of the current context of the energy markets in which the energy production plants operate, with particular reference to thermoelectric plants, it is noted that activities and projects have been planned and undertaken to ensure operational flexibility, efficiency and availability at times when said requirements are requested of them, such as the programming of flexibilization investments of the combined cycle plants, modernization of plants and machinery or the redesign of plant parts that over time have highlighted structural problems, the renegotiation of service contracts with manufacturers of turbogas machinery, the integration and the constant recourse to specialized resources available within the Group, a program to reduce structural costs of thermoelectric plants.

Moreover, to control the risks arising from the present way in which the thermoelectric plants work, arising from trends in the energy markets, a process for revising, uniforming and fully adjusting the maintenance contracts and specific actions to rationalize the management of spare parts warehouses are currently in progress. Also regarding the production of energy from thermoelectric sources, it is noted that the Group pays particular attention, through a stable and cooperative dialogue with institutions, local authorities and communities, to the issues of risk regarding the manufacturing sites that use fossil fuels (Monfalcone, Brindisi, S. Filippo del Mela). This monitoring is designed to ensure a proper and positive perception of the plants as well as to pursue the possibility of a future realization of projects for adaptation and conversion. As for hydroelectric plants, a focal issue, with reference to operations structure, is related to unfavorable weather conditions; reduced rainfall throughout the year could potentially lead to lower production. In order to ensure the optimal use of water resources, there is an organizational monitoring consisting of the presence of business units dedicated to the development of analysis and engineering models to support the planning of hydroelectric plants, both medium and short term.

In the Environment Business Unit specific activities are in place and monitoring tools have been installed to prevent any possible risk of interruption to the waste transportation and disposal service. In particular, specific controls have been implemented to detect the presence of unsuitable substances in waste destined for incineration, as well as plants, systems and specific operating procedures for loading and output of materials deposited at storage sites and waste treatment aimed at limiting the risk of development of fire. The Business Unit is additionally introducing steps to optimize the management of certain sites in order to make the disposal process more efficient. Furthermore, it is noted that structural interventions were planned on all plants of the Group, and in particular on the large waste-to. energy plants, designed to ensure a higher reliability and perspective of operability over time, such as the realization of electrical backup lines, replacing thermomechanical components that have reached the end of their technical life, renovation of structures designed to reduce deteriorations, the adaptation of plants to recover the remaining fractions of solid waste in view of their subsequent contribution to waste-to-energy plants. To mitigate any repercussions on the Group's reputation due to a temporary impossibility to transport waste, mutual assistance exists between the Group's plants and there is centralized coordination of planned stoppages for maintenance.

Within the transport and distribution networks of energy and gas, it is noted that interventions were planned and started designed to increase the reliability of services and to ensure the ongoing appropriateness of the infrastructure with the evolution and expansion of urban areas and territories served by the various Group companies, such as the implementation and expansion of automation systems and remote control of stations and cabins, the construction of new cabins for electricity and gas. As part of the operating activities of the electricity grids, the issue of continuity of service during periods of special climatic conditions with potential reputational risks arising from possible interruptions of service delivery is confirmed as particularly relevant. To deal with these situations, in addition to the usual maintenance activities, the Group has planned and started the enhancement of actions to streamline the meshing of electricity grids and extraordinary plans for reclamation of the components considered critical for the continuity of operation. There are also remote operational controls, advanced technical safety tools, emergency intervention teams as well as specific safeguards for infrastructure which, during exceptional phenomena difficult to predict in terms of location of the same and assessment of their effects, are more exposed to risks of interruption in the delivery of services.

Further potential risks for the Group are related to possible accidents in the management of traffic lights and street lighting that involve staff of the company or third parties. To mitigate this risk issue, activities have been planned for replacement of the most outdated electrical circuits, test campaigns and, if necessary, replacement of older supports, implementation of new systems for remote control of lighting points.

The Group takes an active part in projects for the development of the electricity network from a "smart grid" standpoint, meaning by this a network with which it is possible to exchange information on energy flows and manage demand peaks more efficiently, thus reducing the risk of interruption. In particular, the Networks Business Unit is engaged in the development of new solutions for the so-called smart grids, where through the introduction of digital technology new features are realized to address the increasing complexity resulting from the deployment of distributed generation sources connected to the LV networks and to better meet the demands of the Regulator and the expectations of customers.

Operative means of regulating the customer's consumption during specific time bands have been successfully tested in the district heating sector; these are designed to avoid excessive peaks in the use of installed power with the resulting possibility of critical matters arising regarding the optimal working of the networks. Actions are being studied to upgrade supply facilities of the district heating network that are most exploited, as well as construction of new heat transport routes for the improvement of the structural organization of the network. These operations are supplemented, as part of the maintenance of the network, by continuous engineering analysis supporting interventions for repairs. Measures to be implemented over the following three years and designed to ensure the continuity of the district heating service are also underway for situations in which there is a temporary interruption of the supply of heat to the network by the waste-to-energy plants of the Group. Lastly, we broadly note the risk issue represented by changes in temperature that may affect the level of use by end customers of the products/services offered.

A risk issue that is becoming increasingly important concerns the unauthorized access of external personnel to the Group's plants and infrastructure, which could impede the smooth running of operations, with potential impact on the safety of operating personnel, unauthorized third parties, the sites and their surroundings, as well as economic impacts resulting from the need to interrupt production activities. To mitigate these possible events, specific procedures have been implemented that govern the operating procedures for access to the plants and supervision services, also in coordination with the police, for control of sites that are more vulnerable to intrusions or which may be potential targets of acts of sabotage. Further interventions are also being evaluated such as studies on the situation of gas plants to increase the their safety level, improvement of existing passive fences, strengthening of anti-intrusion alarm system and the installation of control systems for badge access, infra-red cameras and systems.

Finally, the Group takes out insurance cover against any direct and indirect damage which may arise from other types of risk. The contractual conditions that characterize these policies were revised to align them to the way in which the plants work and to energy market conditions.

Environmental risk

The risks associated with events that impact the environment or the health of the population living in the areas affected by the Group's activities are the object of increasingly close attention by public regulators and ever more stringent legislation. This type of risk covers all activities of the Group, with particular reference to the disposal of production waste, emissions resulting from the production processes, the management of the collection, storage, treatment and disposal of waste, the supply of basic goods such as drinking water, waste water treatment, the management of emptying and maintenance of the reservoirs for the collection of water resources for the production of electricity.

To monitor these potential risk events, the Group has implemented various actions: procedures for design and construction of storage sites of waste materials, monitoring systems and the presence of static and dynamic barriers enabling to detect pollution phenomena attributable to the same sites, systems for continuous detection and monitoring of emissions, systems for detection and abatement of polluting concentrations.

With reference to the issue of waste water treatment, actions are being studied for the upgrading and enhancement of existing infrastructure. With regard to the issue related to the management of the reservoirs, with specific reference to maintenance of the same and the corresponding possible negative effects on water and on the local area determined by emptying, it is noted that partial drainage of basins is being evaluated in relation to the type of interventions as well as the use of different methods for removal of the sediments.

Finally, we note the organization of Environment and Safety site structures that support employees, officers and management in the management of the HSE system for specific risks, monitoring of changes in legislation on environmental issues, as well as the ongoing dialogue and transparency in relations with authorities, the communities of reference and stakeholders, also made explicit through instruments such as the Sustainability Report.

The Group is significantly involved in preventing such risks and has adopted a policy document entitled "Policy for the Quality, Environment and Safety of the A2A Group" which is the tool which now sets out the Group's approach to such questions. This document, which is widely distributed both internally and externally, explains the values which underlie the Group's operations and which the Environment, Health and Safety Organizational Structure is committed to disseminating and sharing as guidance for the day-to-day work of all concerned. The Environment, Health and Safety Organizational Structure also supports senior management in establishing company policy in these areas, checking that this is implemented properly in compliance with the rules applicable in all areas and internal processes. The A2A Group is constantly committed to supporting dialogue aimed at a maximum collaboration with local bodies and communities on environmental issues.

The process of updating the Organizational and Management Model as per Legislative Decree no. 231/2001 for the introduction of environmental offenses is in progress, with specific emphasis on implementation at the individual Group companies. In addition, the Environment, Health and Safety Organizational Structure has been rearranged from both an organizational and procedural standpoint as the first stage in a process of revising and updating the way in which the risk issues in question are managed, and this will involve all of the Group's employees and business processes.

The Group carries out direct control of the way in which the risk issues in question are managed through the structures of the Environment, Health and Safety Organizational Structure at the individual sites, which provide the necessary support to employees, officers and management in running the HSE (Health Safety Environment) system.

The operational implementation of the policy is carried out through the use of an Environmental Management System (EMAS) by those operating entities of the Group which are more exposed to both direct and indirect potential environmental impact. This system provides for a program of progressive extension and upgrading to the standards of ISO14001 certification for the Group's main activities having a greater impact on the environment, as well as for obtaining EMAS certification for the Group's main plants. In order to arrive at a single model, a revision and updating process is currently taking place which will enable all the Group's operating companies to refer to a single integrated Quality, Environment and Safety management system.

With the aim of achieving constant improvement in control and moving in line with best practices, the Group takes part through industry associations in discussion groups held to draft BREFs (Best Available Techniques Reference Documents) for LCPs (Large Combustion Plants) and waste management.

Organizational control units have been set up which among other things carry out periodic environmental analyses together with regular audits to detect and prevent any conduct that does not comply with the environmental procedures established for all of the Group's operating companies. From the perspective of having a constant evolution of the systems controlling environmental risk, the Group has joined the ARPA (Regional Agency for the Protection of the Environment) Lombardy Project, whose purpose is to improve the efficiency of the system for controlling the more significant emissions, also in the light of technical developments in the sector, by connecting all the Emission Monitoring Systems (SMEs) to a single control center. The A2A Group has taken out insurance cover against damage arising from both accidental and gradual pollution in order to cover any residual environmental risk, meaning against events caused by a sudden and unpredictable fact, and against the environmental damage inherent in continuing operations.

Each year, the Group publishes a Sustainability Report which reports key data and information on the environmental and social aspects connected with the Group's activities. The Sustainability Report conforms to standard GRI-G3.1 issued by the Global Reporting Initiative and since 2010 has been certified by the auditors.

Information technology risks

The activities of the A2A Group are managed through ICT systems which support the main business processes: operational, administrative and commercial. Potential risk factors include the inadequacy, fragmentation of existing platforms of such systems or the failure to keep these updated compared to business needs, possible "downtime" making the systems unavailable and the inadequate handling of the aspects linked to the integrity and confidentiality of information.These risk factors are mitigated by controls governed by the Group Information & Communication Technology (ICT) Organizational Structure.

The process within the Group of integrating and consolidating its ICT systems, determined on the basis of the changes in corporate structures which have taken place in previous years, has led to a number of important objectives being reached. Following the integration of distribution support systems on a single platform, the program for the convergence of the main systems supporting commercial activities has also been completed. In areas where there is still fragmentation of systems and platforms used, in consequence of which there may be inefficiencies in the implementation of business processes such as billing and debt collection, it is noted that activities have been started for the definition and subsequent implementation of plans to standardize the platforms used. The Group will continue to develop its information system structure and improve its efficiency by drawing up a dedicated general architectural strategic plan.

The Group, in addition to defining outsourcing contracts for ICT services that envisage clearly defined service level agreements, has a Disaster Recovery procedure that, in case of unavailability of one of the two CEDs (Data Processing Centre), guarantees the recovery of data and information relating to business activities on the alternative CED. It is noted that additional activities are being initiated aimed at increasing the levels of reliability and continuity of provision of ICT services, such as the structuring of the Business Continuity Plan, which aims to be the tool through which the Group is preparing to deal with additional scenarios unavailability of services for areas considered most critical; the definition will be followed by the identification of specific implementation activities, strategies for definition of future outsourcing contracts for support to ICT services such as "Multivendor" and reinsourcing of responsibility in ICT. Considering the importance of the activities that are carried out every day on the Italian Power Exchange, particular attention is given to controlling the systems interfacing with the market. These systems have in fact been duplicated and are subject to specific management and maintenance procedures designed to protect their stability. A specific control was developed in 2012 to support trading activities.

Data confidentiality and security are subject to specific controls by the Group through the use of internal policies and by means of tools to segregate access to information, as well as through specific contractual agreements with any third parties who may have to access the information handled. In order to improve the existing control further, work has begun on checking the alignment between the organizational role model and the segregation of duties technical role model implemented in the systems. Consistent with this work, it is planned to gradually adopt identity management and access control tools designed to ensure increasingly effective control over the processing of data critical for the business. A team has been set up to prevent and monitor any possible hacking into the Group's information systems and specific applications solutions have been acquired to manage and control information security.

As a control of this specific risk issue the Group carries out annual vulnerability assessments, both internally and externally. Lastly, a multi-year master plan of safety initiatives approved by Top Management was conducted in 2014 and updated and expanded in 2015, which defines the actions to be taken to gradually improve the maturity level of safety up to making it adequate to the business services provided by the Group. In this regard, specific policies will be prepared on the use of mobile devices, which are increasingly used today for carrying out business activities.

A centralized support plan is also being evaluated for Group ICT, of systems for monitoring, infrastructure control and industrial processes (such as SCADA systems and networks) that, because of an increasingly driven integration with "IT" (Information Technology) systems, are potentially exposed to security and integrity risks.

Health and safety risk

The Group operates in a heterogeneous business environment characterized by a strong technology element and the presence of personnel at its plants and throughout its territory.

Certain Group activities are, by their nature, more exposed to the risk of "typically work-related" accidents linked to the operational services in the territory and the performance of technical services and activities at the plants.

The prevention measures adopted aim for a "zero risk" objective through the Quality, Environment and Safety Policy (which provides for a program to upgrade the personnel safety management system to comply with ISO 14001 and OHSAS 18001 standards), encouraging a constant rise in the level of safety in the workplace. In particular, in this respect, the use of additional models for measuring the Environment, Health and Safety risk at the level of single plant is being started.

A central Prevention and Protection Service has been set up as part of the Quality, Environment and Safety Organizational Structure in order to harmonize the objectives of safety and protection in Group companies and to monitor that these standards are also being followed by contractors at both the prequalification stage and the execution stage at worksites. In this sense, the model for controlling contracts from a health and safety standpoint is currently being developed further.

A gradual enhancement of the organizational control structure is planned, which among other things carries out specific inspections to monitor compliance with legislation as well as personnel update training. In this respect, specific training plans have been established for each business position and responsibility and a start has been made to these training courses.

A project to revise the present organizational model is ongoing based on the establishment of guidelines, methodologies, instruments and controls provided by the Environment, Health and Safety Organizational Structure and assisted by the support of specific Environment, Health and Safety functions in each company and by the active involvement of the operating structures.

Finally, with the aim of constantly improving control, a process is planned to revise the present model for managing employee health supervision carried out by a team of doctors situated locally who perform regular health personnel assessments. As part of this revision process the Group plans to develop specific analysis and reporting tools regarding the results of the health supervision process.

A plan to refine the system of analyzing and controlling accidents and injuries has begun, in order to support the process of constant improvement in safety matters. This project provides for periodic reporting, which by means of increasingly detailed specific indices and information will provide support for identifying the causes of accidents and injuries and taking corrective and mitigating action.

Certification by the Manager in charge

Certification by the Manager in charge of preparing the corporate accounting documents pursuant to article 154-bis, paragraph 2 of Legislative Decree no. 58/1998

The manager in charge of preparing the corporate accounting documents of A2A S.p.A, Andrea Eligio Crenna, declares – in accordance with article 154-bis, paragraph 2 of the Financial Act (TUF) (Legislative Decree 58/1998) – that the accounting information contained in this Interim Report on operations for the period ended September 30, 2015, corresponds to the documentary evidence, books and accounting records.

Milan, November 12, 2015

Manager in charge of preparing
the corporate accounting documents
Andrea Eligio Crenna