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2015
Separate financial statement

Contents

This is a translation of the Italian original "Bilancio separato 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

Overview of performance, financial conditions and net debt

A2A S.p.A.

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

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

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

Financial performance

Millions of euro	01 01 2015 12 31 2015	01 01 2014 12 31 2014	Changes
Revenues			
Revenues from the sale of goods and services	466.0	553.6	(87.6)
Other operating income	28.0	24.5	3.5
Total revenues	**494.0**	**578.1**	**(84.1)**
Operating expenses	(290.9)	(353.1)	62.2
Labour costs	(119.7)	(131.5)	11.8
Gross operating income - EBITDA	**83.4**	**93.5**	**(10.1)**
Depreciation, amortization and write-downs	(85.8)	(115.6)	29.8
Provisions	(46.2)	(92.3)	46.1
Net operating income - EBIT	**(48.6)**	**(114.4)**	**65.8**
Result from non-recurring transactions	**-**	**24.8**	**(24.8)**
Financial balance	(71.8)	70.9	(142.7)
Result before taxes	**(120.4)**	**(18.7)**	**(101.7)**
Income taxes	46.9	27.0	19.9
Result after taxes from operating activities	**(73.5)**	**8.3**	**(81.8)**
Net result from discontinued operations	**-**	**-**	**-**
Net result of the year	**(73.5)**	**8.3**	**(81.8)**

In the year in question A2A S.p.A. shows revenues for a total of 494.0 million euro (578.1 million euro in the previous year). The decrease, amounting to 84.1 million euro, can mainly be attributed to lower revenues from the sale of Green Certificates due to the effect of both the lower production of the hydroelectric plants, which in 2014 benefited from extraordinary hydraulicity, and less buying and selling of environmental certificates by the company during the year in question.

The operating costs recorded a reduction of 62.2 million euro, going from 353.1 million euro in 2014 to 290.9 million euro in 2015, essentially due to the effect of the reduction in the buying and selling of Green Certificates mentioned above, as well as lower costs to purchase electricity from the subsidiary A2A Energia S.p.A. connected to energy savings deriving from the project to replace the lighting equipment with new LED lamps in the Municipality of Milan in 2014.

Labour costs amounted to 119.7 million euro, a decrease of 11.8 million euro compared to 2014. This decrease can be mainly attributed to the reduction of staff deriving from the company restructuring plan already started in previous years, as well as the lower mobility and redundancy incentive charges incurred in the financial year 2015.

Due to the dynamics mentioned above the "Gross Operating Margin" amounted to 83.4 million euro, a decrease of 10.1 million euro compared to 2014.

“Amortization and depreciation, provisions and write-downs” of the year amounted to 132.0 million euro (207.9 million euro at December 31, 2014) and include amortisation, depreciation and write-downs of the tangible and intangible assets for 85.8 million euro (115.6 million euro at December 31, 2014) and provisions for 46.2 million euro (92.3 million euro at December 31, 2014).

The item recorded an overall reduction of 75.9 million euro, compared to the previous year, due to the lower write-downs performed following the results of the impairment test at December 31, 2015, the reduction of the credit risk provisions, as well as lower amortization and depreciation of tangible assets.

“Net Operating Income” was negative for 48.6 million euro (negative by 114.4 million euro at December 31, 2014).

The “Result from non-recurring transactions” did not record any value while it amounted to 24,8 million euro in the previous year and incorporates the income deriving from the execution of the exchange agreement between A2A S.p.A. and Dolomiti di Energia S.p.A..

The financial balance recorded a negative balance of 71.8 million euro, a worsening of 142.7 million euro compared to December 31, 2014 mainly due to the higher write-downs of shareholdings. This item incorporates dividends from subsidiaries for around 235 million euro, in line with 2014 and the write-down of the shareholdings in Edipower S.p.A., for 117 million euro, in EPCG for 97 million euro, and in Rudnik Uglja Ad Pljevlja for 7 million euro, performed following the results of the Impairment Test (in 2014 the write-downs of shareholdings came to 51 million euro).

The “Result before taxes” was negative for 120.4 million euro (negative for 18.7 million euro at December 31, 2014).

The “Income taxes” was positive for 46.9 million euro (positive for 27 million euro at December 31, 2014). The positive taxation essentially derives from the registration of i) positive current taxes due to remuneration for the transfer to fiscal consolidated financial statements of the interests payable, ii) positive taxes for the adjustment of the deferred taxes already in the financial statements at December 31, 2014 following the provision of art. 1, subsection 20, of Law no. 190 of December 23, 2014 (“2015 Stability Law”), which allows, from the current tax period, the deduction from IRAP of the full labour costs relative to employees with permanent contracts, iii) positive taxes for the adjustment of the taxes of previous years to the new calculation criteria, based on the application of art. 6, paragraph 9 of Legislative Decree December 15, 1997 no. 446 (“industrial holdings” method), introduced following the positive confirmation, by the Revenue Agency of the specific appeal application submitted by A2A..

These effects more than offset the current taxes for the period and the higher taxes deriving from the adjustment, again of the deferred taxes, to the provisions of art. 1, paragraph 61 of Law 208/2015, which provided for the reduction of 3.50% of the IRES rate from January 1, 2017, effective for tax periods following the current year at December 31, 2016.

Following the dynamics explained above the "Result for the year" is negative for 73.5 million euro (positive for 8.3 million euro in the previous year).

The investments for the year amounted to 45.4 million euro and in particular concerned works on hydroelectric plants, thermoelectric plants, improvements to third party assets as well as investments in the Group's IT systems.

Balance sheet and net debt

Millions of euro	12 31 2015	12 31 2014
CAPITAL EMPLOYED		
Net fixed capital	**4,992.4**	**5,162.3**
- Tangible assets	1,266.7	1,302.8
- Intangible assets	52.6	54.3
- Shareholdings and other non-current financial assets (*)	3,894.7	4,085.8
- Other non-current assets/liabilities (*)	0.4	(13.3)
- Prepaid/deferred tax assets/liabilities	48.3	34.8
- Provisions for risks, charges and liabilities for landfills	(144.3)	(164.5)
- Employee benefits	(126.0)	(137.6)
of which with counter-entry to equity	*(16.4)*	*(15.6)*
Working capital	**(32.2)**	**16.4**
- Inventories	4.8	5.5
- Trade receivables and other current assets (*)	235.6	261.3
- Trade payables and other current liabilities (*)	(269.7)	(302.4)
- Assets for current assets/liabilities for taxes	(2.9)	52.0
Assets/liabilities held for sale (*)	**0.5**	**-**
of which with counter-entry to equity	-	-
TOTAL CAPITAL EMPLOYED	**4,960.7**	**5,178.7**
SOURCES OF COVERAGE		
Equity	**2,161.6**	**2,324.7**
Total financial position beyond one year	2,599.6	3,387.6
Total financial position within one year	199.5	(533.6)
Total net financial position	**2,799.1**	**2,854.0**
of which with counter-entry to equity	*(27.2)*	*(50.6)*
TOTAL SOURCES	**4,960.7**	**5,178.7**

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

"Capital employed" totalled 4,960.7 million euro at December 31, 2015, partly covered by "Equity" in the amount of 2,161.6 million euro and net debt of 2,799.1 million euro.

The amount of "Capital employed" decreased by 218.0 million euro. This decrease is due for 169.9 million euro to the decrease in "Net fixed assets", mainly due to the reduction of investments and tangible assets following the write-downs, as well as the decrease in the provisions for risks and employee benefits, for 48.6 million euro to the reduction in "Working capital" and 0.5 million euro to the increase in "Assets/Liabilities held for sale" related to the reclassification of the investment held by A2A S.p.A. in SEASM S.r.l., equal to 67% of the company's share capital, following the management decision to sell said investment.

The "Net financial position", equal to 2,799.1 million euro, improved by 54.9 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 76.5 million euro and by dividends paid for 112.7 million euro.

Millions of euro	**12 31 2015**	**12 31 2014**
NET FINANCIAL POSITION AT THE START OF THE YEAR	**(2,854.0)**	**(2,939.0)**
CONTRIBUTIONS FROM NON-RECURRING TRANSACTIONS	**-**	**4.5**
Result of the year (**)	(73.5)	(16.6)
Amortization and depreciation	80.8	86.3
Net taxes paid/receivables for taxes paid	44.0	17.3
Write-downs on shareholdings and fixed assets	227.1	80.6
Change in the assets and liabilities (*)	(57.7)	88.1
Cash flow from operating activities	**220.7**	**255.7**
Cash flow from investment activities	**(76.5)**	**(52.9)**
Dividends paid	(112.7)	(102.5)
Changes in financial assets/liabilities with counter-entry to equity	23.4	(19.8)
NET FINANCIAL POSITION AT THE END OF THE YEAR	**(2,799.1)**	**(2,854.0)**

(*) Excluding balances with counter-entry to equity.
(**) Net of capital gains for sale of shareholdings.

Below is a detail of the net financial position:

Millions of euro	12 31 2015	12 31 2014
Medium/long-term debt	3,001.1	3,824.3
Medium/long-term financial receivables	(401.5)	(436.7)
Total non-current net debt	**2,599.6**	**3,387.6**
Short-term debt	1,408.0	607.2
Short-term financial receivables	(621.5)	(730.3)
Cash and cash equivalents	(587.0)	(410.5)
Total current net debt	**199.5**	**(533.6)**
Net financial debt	**2,799.1**	**2,854.0**

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Financial Statements

Balance sheet ([1])

Assets

Amounts in euro	Note	12 31 2015	12 31 2014
NON-CURRENT ASSETS			
Tangible assets	1	1,266,693,752	1,302,782,636
Intangible assets	2	52,605,327	54,356,697
Shareholdings	3	3,890,927,319	4,081,644,308
Other non-current financial assets	3	405,362,171	406,342,569
Deferred tax assets	4	48,261,061	34,807,533
Other non-current assets	5	452,429	34,927,876
Total non-current assets		**5,664,302,059**	**5,914,861,619**
CURRENT ASSETS			
Inventories	6	4,777,441	5,526,617
Trade receivables	7	146,947,980	219,459,293
Other current assets	8	104,703,500	41,864,763
Current financial assets	9	605,367,617	730,268,721
Current tax assets	10	38,987,274	51,955,092
Cash and cash equivalents	11	587,049,592	410,501,055
Total current assets		**1,487,833,404**	**1,459,575,541**
NON-CURRENT ASSETS HELD FOR SALE	12	**469,000**	-
TOTAL ASSETS		**7,152,604,463**	**7,374,437,160**

(1) As required by Consob Resolution no. 17221 of March 12, 2010, the effects of relations with related parties in the separate financial statements are highlighted in the accounting statements in section 0.2 and commented on in Note 35. Significant non-recurring events and transactions in the separate financial statements are provided in Note 36 pursuant to Consob Communication DEM/6064293 of July 28, 2006.

Equity and liabilities

Amounts in euro	Note	12 31 2015	12 31 2014
EQUITY			
Share capital	13	1,629,110,744	1,629,110,744
(Treasury shares)	14	(60,891,196)	(60,891,196)
Reserves	15	666,859,220	748,270,204
Net result of the year	16	(73,487,107)	8,257,733
Total equity		**2,161,591,661**	**2,324,747,485**
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	17	2,973,930,319	3,755,898,126
Employee benefits	18	125,996,516	137,616,852
Provisions for risks, charges and liabilities for landfills	19	144,313,123	164,494,146
Other non-current liabilities	20	27,231,315	82,081,615
Total non-current liabilities		**3,271,471,273**	**4,140,090,739**
Current liabilities			
Trade payables	21	162,012,623	122,949,653
Other current liabilities	21	115,139,335	179,425,157
Current financial liabilities	22	1,400,512,790	607,224,126
Tax liabilities	23	41,876,781	-
Total current liabilities		**1,719,541,529**	**909,598,936**
Total liabilities		**4,991,012,802**	**5,049,689,675**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**-**	**-**
TOTAL EQUITY AND LIABILITIES		**7,152,604,463**	**7,374,437,160**

Income statement [1]

Amounts in euro	Note	01 01 2015 12 31 2015	01 01 2014 12 31 2014
Revenues			
Revenues from the sale of goods and services		465,963,699	553,616,259
Other operating income		28,044,921	24,539,144
Total revenues	**25**	**494,008,620**	**578,155,403**
Operating expenses			
Expenses for raw materials and services		221,374,062	274,555,494
Other operating expenses		69,493,703	78,542,149
Total operating expenses	**26**	**290,867,765**	**353,097,643**
Labour costs	**27**	**119,732,850**	**131,530,088**
Gross operating income - EBITDA	**28**	**83,408,005**	**93,527,672**
Depreciation, amortization, provisions and write-downs	**29**	**132,013,925**	**207,946,812**
Net operating income - EBIT	**30**	**(48,605,920)**	**(114,419,140)**
Result from non-recurring transactions	**31**	**-**	**24,839,349**
Financial balance			
Net financial income		299,498,071	315,873,923
Financial expenses		371,305,323	245,014,787
Result from disposal of other shareholdings (AFS)		-	(404)
Total financial balance	**32**	**(71,807,252)**	**70,858,732**
Result before taxes		**(120,413,172)**	**(18,721,059)**
Income taxes	**33**	**(46,926,065)**	**(26,978,792)**
Result after taxes from operating activities		**(73,487,107)**	**8,257,733**
Net result from discontinued operations		**-**	**-**
NET RESULT OF THE YEAR	**34**	**(73,487,107)**	**8,257,733**

(1) As required by Consob Resolution no. 17221 of March 12, 2010, the effects of relations with related parties in the separate financial statements are highlighted in the accounting statements in section 0.2 and commented on in Note 35. Significant non-recurring events and transactions in the separate financial statements are provided in Note 36 pursuant to Consob Communication DEM/6064293 of July 28, 2006.

Statement of comprehensive income

Amounts in euro	12 31 2015	12 31 2014
Net result of the year (A)	**(73,487,107)**	**8,257,733**
Actuarial gains/(losses) on employee benefits booked in the net equity	6,086,047	(15,548,584)
Tax effect of other actuarial gains/(losses)	(1,544,790)	2,272,511
Total actuarial gains/(losses) net of the tax effect (B)	**4,541,257**	**(13,276,073)**
Effective part of gains/(losses) on cash flow hedge	23,443,082	(19,719,727)
Tax effect of other gains/(losses)	(5,052,274)	3,967,092
Total other gains/(losses) net of the tax effect (C)	**18,390,808**	**(15,752,635)**
Gains/(losses) from recalculation of available for sale	(248)	-
Tax effect of other gains/(losses)	145,942	-
Gains/(losses) from the restatement of financial assets available for sale (D)	**145,694**	**-**
Total comprehensive result (A) + (B) + (C) + (D)	**(50,409,348)**	**(20,770,975)**

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

Cash flow statement

Amounts in euro	12 31 2015	12 31 2014
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**410,501,055**	**186,891,718**
Contribution from non-recurring transactions	**-**	**4,479,300**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**410,501,055**	**191,371,018**
Operating activities		
Result of the year (**)	(73,487,107)	(16,581,616)
Tangible assets depreciation	74,160,540	80,477,097
Intangible assets amortization	6,664,143	5,783,225
Fixed assets write-downs	5,716,663	29,390,367
Shareholdings write-downs	221,372,219	51,160,894
Net taxes paid/receivables for disposed taxes (a)	*44,053,403*	*17,271,485*
Gross change in assets and liabilities (b)	*(57,747,217)*	*88,197,744*
Total change of assets and liabilities (*a+b*) (*)	(13,693,814)	105,469,229
Cash flow from operating activities	**220,732,644**	**255,699,196**
Investment activities		
Investments in tangible assets	(39,532,919)	(45,658,411)
Investments in intangible assets and goodwill	(5,908,823)	(7,284,981)
Investments in shareholdings and securities (*)	(35,802,787)	-
Disposal of fixed assets and shareholdings	4,788,391	-
Cash flow from investment activities	**(76,456,138)**	**(52,943,392)**
FREE CASH FLOW	**144,276,506**	**202,755,804**
Financing activities		
Change in financial assets (*)	96,644,887	344,919,413
Change in financial liabilities (*)	150,497,221	(152,979,788)
Net financial interests paid	(102,122,725)	(73,067,800)
Dividends paid	(112,747,352)	(102,497,592)
Cash flow from financing activities	**32,272,031**	**16,374,233**
CHANGE IN CASH AND CASH EQUIVALENTS	**176,548,537**	**219,130,037**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**587,049,592**	**410,501,055**

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

Statement of changes in equity

Description *Amounts in euro*	**Share Capital note 13**	**Treasury Shares note 14**
Equity at December 31, 2013	**1,629,110,744**	**(60,891,196)**
Allocation of 2013 net result		
Ordinary dividend distribution		
IAS 32 and IAS 39 reserves (*)		
IAS 19 Revised reserve "Employee Benefits" (*)		
Net result of the year (*)		
Equity at December 31, 2014	**1,629,110,744**	**(60,891,196)**
Allocation of 2014 net result		
Ordinary dividend distribution		
IAS 32 and IAS 39 reserves (*)		
IAS 19 Revised reserve "Employee Benefits" (*)		
Other changes		
Net result of the year (*)		
Equity at December 31, 2015	**1,629,110,744**	**(60,891,196)**
Availability of Equity Reserves A: For share capital increase B: To cover losses C: For distribution to shareholders - available for 406,743,957 euro (**) D: Reserves not available		

(*) These form part of the statement of comprehensive income.
(**) Of which subject to moderate tax suspension of 198,270,129 euro.

Reserves note 15	Cash Flow hedge reserve note 15	Available for sale reserve note 15	Net result of the year note 16	Total equity
898,300,812	**(23,316,322)**	**(607,840)**	**5,419,854**	**2,448,016,052**
5,419,854			(5,419,854)	-
(102,497,592)				(102,497,592)
	(15,752,635)			(15,752,635)
(13,276,073)				(13,276,073)
			8,257,733	8,257,733
787,947,001	**(39,068,957)**	**(607,840)**	**8,257,733**	**2,324,747,485**
8,257,733			(8,257,733)	-
(112,747,352)				(112,747,352)
	18,390,808	145,694		18,536,502
4,541,257				4,541,257
876				876
			(73,487,107)	(73,487,107)
687,999,515	**(20,678,149)**	**(462,146)**	**(73,487,107)**	**2,161,591,661**
A-B-C	**D**			

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

Balance sheet

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

Assets

Amounts in euro	12 31 2015	of which Related Parties (note 35)	12 31 2014	of which Related Parties (note 35)
ASSETS				
NON-CURRENT ASSETS				
Tangible assets	1,266,693,752		1,302,782,636	
Intangible assets	52,605,327		54,356,697	
Shareholdings	3,890,927,319	3,890,927,319	4,081,644,308	4,081,644,308
Other non-current financial assets	405,362,171	401,596,232	406,342,569	402,075,856
Deferred tax assets	48,261,061		34,807,533	
Other non-current assets	452,429		34,927,876	
TOTAL NON-CURRENT ASSETS	**5,664,302,059**		**5,914,861,619**	
CURRENT ASSETS				
Inventories	4,777,441		5,526,617	
Trade receivables	146,947,980	144,179,706	219,459,293	218,275,427
Other current assets	104,703,500	78,456,910	41,864,763	32,141,672
Current financial assets	605,367,617	605,367,617	730,268,721	730,268,721
Current tax assets	38,987,274		51,955,092	
Cash and cash equivalents	587,049,592		410,501,055	
TOTAL CURRENT ASSETS	**1,487,833,404**		**1,459,575,541**	
NON-CURRENT ASSETS HELD FOR SALE	**469,000**	469,000	-	
TOTAL ASSETS	**7,152,604,463**		**7,374,437,160**	

Equity and liabilities

Amounts in euro	12 31 2015	of which Related Parties (note 35)	12 31 2014	of which Related Parties (note 35)
EQUITY				
Share capital	1,629,110,744		1,629,110,744	
(Treasury shares)	(60,891,196)		(60,891,196)	
Reserves	666,859,220		748,270,204	
Net result of the year	(73,487,107)		8,257,733	
Total equity	**2,161,591,661**		**2,324,747,485**	
LIABILITIES				
NON-CURRENT LIABILITIES				
Non-current financial liabilities	2,973,930,319		3,755,898,126	
Employee benefits	125,996,516		137,616,852	
Provisions for risks, charges and liabilities for landfills	144,313,123	33,350,586	164,494,146	99,434,624
Other non-current liabilities	27,231,315		82,081,615	
Total non-current liabilities	**3,271,471,273**		**4,140,090,739**	
CURRENT LIABILITIES				
Trade payables	162,012,623	83,737,545	122,949,653	46,756,325
Other current liabilities	115,139,335	46,948,578	179,425,157	74,446,271
Current financial liabilities	1,400,512,790	732,742,345	607,224,126	477,809,072
Tax liabilities	41,876,781		-	
Total current liabilities	**1,719,541,529**		**909,598,936**	
Total liabilities	**4,991,012,802**		**5,049,689,675**	
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**		**-**	
TOTAL EQUITY AND LIABILITIES	**7,152,604,463**		**7,374,437,160**	

Income statement

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

Amounts in euro	01 01 2015 12 31 2015	of which Related Parties (note 35)	01 01 2014 12 31 2014	of which Related Parties (note 35)
Revenues				
Revenues from the sale of goods and services	465.963.699	459.633.982	553.616.259	526.259.096
Other operating income	28.044.921	7.320.088	24.539.144	10.130.429
Total revenues	**494.008.620**		**578.155.403**	
Operating expenses				
Expenses for raw materials and services	221.374.062	127.195.934	274.555.494	194.420.693
Other operating expenses	69.493.703	7.651.241	78.542.149	458.395
Total operating expenses	**290.867.765**		**353.097.643**	
Labour costs	**119.732.850**	**2.461.994**	**131.530.088**	**1.508.732**
Gross operating income - EBITDA	**83.408.005**		**93.527.672**	
Depreciation, amortization, provisions and write-downs	**132.013.925**		**207.946.812**	**99.434.624**
Net operating income - EBIT	**(48.605.920)**		**(114.419.140)**	
Result from non-recurring transactions	**-**		**24.839.349**	
Financial balance				
Financial income	299.498.071	273.920.071	315.873.923	301.868.583
Financial expenses	371.305.323	226.017.077	245.014.787	58.052.969
Result from disposal of other shareholdings (AFS)	-		(404)	
Total financial balance	**(71.807.252)**		**70.858.732**	
Result before taxes	**(120.413.172)**		**(18.721.059)**	
Income taxes	**(46.926.065)**		**(26.978.792)**	
Result after taxes from operating activities	**(73.487.107)**		**8.257.733**	
Net result from discontinued operations	**-**		**-**	
NET RESULT OF THE YEAR	**(73.487.107)**		**8.257.733**	

0.3
Notes

General information on A2A S.p.A.

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

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

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

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

The A2A Group mainly operates in the following sectors:
- 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.

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

The separate financial statements of A2A S.p.A. at December 31, 2015, have been prepared on a going-concern basis and comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and these notes.

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

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

These separate financial statements for the year ended December 31, 2015, were approved on April 5, 2016, by the Board of Directors, which authorized its publication, and has been audited by PricewaterhouseCoopers S.p.A. in accordance with their appointment by the shareholders of April 26, 2007, for the nine years from 2007 to 2015.

Financial statements

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

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

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

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

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

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

Basis of preparation

The separate financial statements as at December 31, 2015, have been prepared on a historical cost basis, with the exception of those items which under IFRS must be or can be measured at fair value, as discussed in further detail in the accounting policies.

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

Changes in international accounting standards

Pursuant to IAS 8, the subsequent paragraph *"Accounting standards, amendments and interpretations applicable by the company as of the current year"* indicates and briefly illustrates the amendments in force as of January 1, 2015.

The following paragraphs, *"Accounting standards, amendments and interpretations approved by the European Union but applicable after December 31, 2015*" and *"Accounting standards, amendments and interpretations not yet approved by the European Union"*, instead detail the accounting standards and interpretations already issued but not yet effective or not yet approved by the European Union and therefore not applicable for the preparation of the financial statements at December 31, 2015, any impacts of which will then be transposed as of the financial statements of the following years.

Accounting principles, amendments and interpretations applied by the company 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 company in previous years, none of which had a significant effect on the company's economic and financial results.
The main changes are described in the following.

- With the 2012 annual improvement, applicable on a voluntary basis for the financial statements as at December 31, 2015, the IASB issued amendments to the following accounting standards:
  a) IFRS 2 "Share-based Payment": the amendment clarifies the definition of "vesting condition" by separately defining a "performance condition" and a "service condition";
  b) IFRS 3 "Business Combinations": the standard was amended to clarify that the obligation to pay a potential amount falls within the definition of financial instrument and must be classified as a financial liability or as an element of equity on the basis of the indications contained in IAS 32. It was also clarified that the obligations to pay a potential amount, other than those that fall within the definition of equity instrument,

are measured at fair value at each closing date, with changes recognized in the income statement;

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 Machinery” and IAS 38 “Intangible Assets”: both standards are amended to clarify how recoverable amounts and useful lives are treated when an entity carries out a revaluation;
f) IAS 24 “Related Party Disclosures”: the standard is amended in order to include an entity providing key management personnel services as a related party (management company).

- 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).
- With the 2013 annual improvement, in force for the administrative periods beginning on January 1, 2015, the IASB issued amendments to the following accounting standards:
  a) IFRS 3: the amendment clarifies that IFRS 3 is not applicable to record the accounting effects related to the formation of a joint venture or a joint operation (as defined in IFRS 11) in the financial statements of the joint venture or joint operation;
  b) IFRS 13: it was clarified that the provision contained in IFRS 13 based on which it is possible to measure the fair value of a group of financial assets and liabilities on a net basis, applies to all contracts that fall under IAS 39 (or IFRS 9) regardless of whether or not they meet the definitions of financial assets and liabilities of IAS 32;
  c) 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 standards, amendments and interpretations approved by the European Union but applicable after December 31, 2015

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

- IFRS 11 "Joint Arrangements": issued by the IASB on May 6, 2014, the amendment to this standard provides guidance on how to account for the acquisition of an interest in a joint operation that is a business as defined by IFRS 3 "Business Combinations". The amendment in question is applicable from January 1, 2016;
- 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;
- IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": this amendment to the two principles 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;

- with the amendments to the international accounting standards IAS 41 “Agriculture” and IAS 16 “Property, plant and equipment”, the IASB established that fruit-bearing plants, used exclusively for the cultivation of agricultural products over various years, should be subject to the same accounting treatment for property, plant and equipment in accordance with IAS 16 “Property, plant and equipment”, as the “operation” is similar to that of manufacturing production. The amendments in question are applicable from January 1, 2016;
- IAS 27 (Revised) “Separated Financial Statements”: the amendment to this standard, issued by the IASB on August 12, 2014 and applicable from January 1, 2016, allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- 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 amendment of IAS 19 proposed, clarifies that the discount rate to discount the obligations for benefits following the employment relationship, is determined with reference to market yields on corporate bonds of leading companies and, in countries where there is no “thick market” of such securities, the market yields of the securities of public entities are used.

  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.

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

The following standards and amendments to existing standards are still pending approval by the European Union and are therefore not applicable by the company. The dates indicated reflect the expected effectiveness date and enacted in the standards; this date is however subject to the actual approval by the competent bodies of the European Union:

- 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) the substantial revision of the “Hedge accounting”, which 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) the effective date of the standard is deferring, originally 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 14 "Regulatory deferral accounts": the new transitional standard, issued by the IASB January 30, 2014, allows the entity that adopts for the first time the international accounting standards IAS/IFRS, to continue to apply the previous GAAP accounting policies for the evaluation (including impairment) and elimination of regulatory deferral accounts. The standard is applicable from January 1, 2016;
- IFRS 15 "Revenues from contracts with customers": the standard, issued by the IASB on May 28, 2014, is the result of efforts to achieve convergence between the IASB and the FASB ("Financial Accounting Standard Board", the body responsible for issuing new accounting standards in the United States) in order to achieve a single revenue recognition model applicable both in terms of IFRS and US GAAP. The new standard will apply to all contracts with customers, including contract work in progress, and will thus replace the current IAS 18 - Revenues and IAS 11 - Long-term contracts and all related interpretations. 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.

  IFRS 15 also includes the disclosure requirements that are significantly more extensive than the existing standard concerning the nature, amounts, timing and uncertainty of revenues and cash flows arising from contracts with customers.

  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;
- 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;

- 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;
- IFRS 16 “Leasing”. This standard replaces IAS 17 and sets out the criteria for the recognition, measurement and presentation of leasing contracts. IFRS 16 is applicable from January 1, 2019, but early adoption is permitted for entities that also apply IFRS 15;
- IAS 12 “Income taxes”. On January 19, 2016, the IASB published some amendments that aim to clarify the accounting method for deferred tax assets related to debt instruments measured at fair value. The amendments are applicable from January 1, 2017.

Accounting standards and policies

Translation of foreign currency items

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

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

Tangible assets

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

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

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

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

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

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

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

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

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

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

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

• buildings	1.7 % - 33.3 %
• production plants	1.7 % - 50.0 %
• transport lines	1.4 % - 100.0 %
• transformation stations	6.7 %
• distribution networks	1.4 % - 10.0 %
• miscellaneous equipment	4.8 % - 14.3 %
• mobile phones	100.0 %
• furniture and fittings	10.0 % - 12.5 %
• electric and electronic office machines	10.0 %
• vehicles	10.0 % - 12.5 %
• leasehold improvements	5 % - 10.9 %

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

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

Intangible assets

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

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

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

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

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

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

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

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

The following amortization rates are applied to intangible assets with a definite useful life:
- industrial patents and intellectual property rights ____ 12.5 % - 33.3 %
- concessions, licenses, trademarks and similar rights ____ 6.7 % - 33.3 %

Service concession arrangements

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

Impairment of non-current assets

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

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

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

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

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

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

Environmental certificates: emission quotas and Green Certificates

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

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

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

Shareholdings in subsidiaries, associates and joint ventures

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

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

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

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

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

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

Long term construction contracts in progress

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

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

Inventories

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

Financial instruments

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

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

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

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

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

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

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

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

or losses generated are recognized directly in equity until the assets are written- down or realized, at which stage they are reclassified to the income statement. Losses recognized in equity are in any case reversed and recognized in the income statement, even if the financial asset has not been eliminated, if there is objective evidence that the asset is impaired. Unlisted investments with a fair value that cannot be reliably measured are measured at cost less any write-downs. Write-downs are reversed when the reasons originating the loss no longer exist, with the exception of write-downs on equity instruments. This category essentially includes the other investments (i.e. not subsidiaries, jointly controlled entities or associates), except for those held for trading (trading investments);

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

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

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

- contractual rights to the cash flows from the financial asset expire; in particular, the time frame for derecognition relates to the "value date";
- the company has retained the right to receive the future cash flows of the assets but has assumed a contractual obligation to pass them on to a third party without material delay;
- the company has transferred the right to receive the cash flows from the asset and (i) has

transferred substantially all of the risks and rewards of ownership of the financial asset, or (ii) it has neither transferred nor retained substantially all of the risks and rewards of the asset but has transferred control of the asset.

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

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

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

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

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

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

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

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

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

Employee benefits

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

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

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

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

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

Provisions for risks, charges and liabilities for landfills

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

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

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

Treasury shares

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

Grants

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

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

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

Revenues and costs

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

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

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

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

Non-recurring transactions

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

Financial income and expense

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

Financial expense is recognized in the income statement on an accrual basis on the basis of the effective interest.

Dividends

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

Income taxes

Current taxes

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

Deferred tax assets and liabilities

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

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

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

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

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

Use of estimates

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

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

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

Impairment Test

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

Revenue recognition

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

Provisions for risks and charges

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

Liabilities for landfills

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

Bad debts provision

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

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

Amortisation

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

Measurement of derivative instruments

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

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

Employee benefits

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

Business combinations

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

Current taxes and future recovery of deferred tax assets

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

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

Notes to the balance sheet

Changes with respect to December 31, 2015

The investment in SEASM S.r.l., held 67% by A2A S.p.A., 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".

ASSETS

Non-current assets

1) Tangible assets

Thousands of euro	Balance at 12 31 2014	Changes during the year					Balance at 12 31 2015
		Invest.	Other changes	Disposals net of provision	Deprec. and write-downs	Total changes	
Land	29,635		39	(2)		37	29,672
Buildings	275,293	704	1,177	(758)	(13,088)	(11,965)	263,328
Plant and machinery	947,228	475	24,726		(62,474)	(37,273)	909,955
Industrial and commercial equipment	1,549	161			(337)	(176)	1,373
Other assets	2,349	362	160	(2)	(585)	(65)	2,284
Construction in progress and advances	26,669	31,377	(22,800)			8,577	35,246
Leasehold improvements	20,059	6,454			(1,677)	4,777	24,836
Total tangible assets	**1,302,782**	**39,533**	**3,302**	**(762)**	**(78,161)**	**(36,088)**	**1,266,694**
of which:							
Historical cost	3,414,001	39,533	3,302	(3,041)		39,794	3,453,795
Accumulated depreciation	(1,972,158)			2,279	(74,161)	(71,882)	(2,044,040)
Write-downs	(139,061)				(4,000)	(4,000)	(143,061)

As at December 31, 2015, “Tangible assets” amounted to 1,266,694 thousand euro (1,302,782 thousand euro as of the previous fiscal year).

“Tangible assets” presented a net decrease of 36,088 thousand euro resulting from the following:

- investments amounting to 39,533 thousand euro;
- other positive changes for 3,302 thousand euro, including, primarily, the increase in the decommissioning provision related to some thermoelectric plants that derives from addenda to the expert reports to support the decommissioning provision at December 31, 2014, which already covered the legal or implicit obligations in relation the future costs for environmental restoration. In light of growing environmental awareness, the perimeter was broadened with the best estimate of costs for the safety of the plants at the end of useful life;
- disposal of assets, net of accumulated depreciation, for 762 thousand euro;
- write-downs for 4,000 thousand euro regarding the thermoelectric plants of Cassano d’Adda as a consequence of results obtained from Impairment Testing performed by an independent external company appointed by the Group; such write-downs have been made to adjust their book value to the lower earnings prospects deriving from a market

in structural production overcapacity. Further details of the work carried out for the impairment test can be found in the Consolidated Annual Report (note 2);
- depreciation for the year for 74,161 thousand euro.

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

Investments made during the year refer to:
- “Buildings” for a total amount of 704 thousand euro.
  In detail, they refer: for 454 thousand euro to various interventions on the buildings in Via della Signora, Piazza Trento, Via Orobia, Canavese, Via Gonin, Via Caracciolo and Piazza Po in Milan; for 101 thousand euro to investments in the office in via Lamarmora in Brescia; for 50 thousand euro to interventions on the buildings in Via Suardi and Via Codussi in Bergamo; for 53 thousand euro to interventions on the buildings in Vobarno; for 46 thousand euro to interventions on the buildings of the office in Pontevico;
- “Plant and machinery” for 475 thousand euro.
  In particular, for 357 thousand euro, they refer to interventions on the Monfalcone plant; for 88 thousand euro to the Timpagrande and Calusia plants in Calabria; for 30 thousand euro, they refer to telematic wiring of the buildings;
- “Industrial and commercial equipment” for 161 thousand euro;
- “Other assets” relating to furniture, furnishings, IT equipment and assets worth less than 516 euro, for 362 thousand euro;
- “Construction in progress and advances” for an amount of 31,377 thousand euro;
- “Leasehold improvements” for 6,454 thousand euro for the replacement of the lamps of public lighting in Milan, Bergamo and Cassano d’Adda, with new LED technology light sources.

“Tangible assets” include “Construction in progress and advances” for 35,246 thousand euro (26,669 thousand euro at December 31, 2014), presenting an increase of 8,577 thousand euro resulting from the counter effects of the following items:
- the increase of 31,377 thousand euro refers to: 865 thousand euro for works on buildings (mainly at the plant in Monfalcone, the office in Via Lamarmora in Brescia and the plant in Grosio); 30,512 thousand euro for interventions on plants and machinery of the plant in Monfalcone (22,548 thousand euro), on the hydroelectric plants in Calabria (3,031 thousand euro), on the plants in Premadio (2,464 thousand euro), on the plant in Cassano d’Adda (1,035 thousand euro), on the plants in Grosio and Lovero (792 thousand euro), on other plants in Valtellina (142 thousand euro) as well as interventions on the data, electronic and telephone networks in Valtellina for 500 thousand euro;
- the decrease resulting from entry into service, amounting to 22,763 thousand euro,

including: 1,170 thousand euro for the completion of the works mainly related to the buildings of the office of Via Lamarmora in Brescia and the plants in Cassano D'Adda, Monfalcone and Grosio; 21,437 thousand euro for works related to the production plants (of which 9,661 thousand euro for the hydroelectric plants of Calabria, 6,852 thousand euro for the plant in Monfalcone, 3,040 thousand euro for the plants in Premadio, 1,698 thousand euro for the plants in Valtellina and 186 thousand euro for the plant in Cassano d'Adda); 156 thousand for other assets;

- the decrease of 37 thousand euro due to other changes in the accounts.

2) Intangible assets

Thousands of euro	Balance at 12 31 2014	Changes during the year					Balance at 12 31 2015
		Invest.	Other changes	Write-downs	Amort.	Total changes	
Industrial patents and intellectual property rights	5,555	1,940	(38)		(3,318)	(1,416)	**4,139**
Concessions, licences, trademarks and similar rights	9,710	2,247	868		(3,296)	(181)	**9,529**
Goodwill	38,435			(955)		(955)	**37,480**
Assets in progress	473	1,722	(872)			850	**1,323**
Other intangible assets	184				(50)	(50)	**134**
Total intangible assets	**54,357**	**5,909**	**(42)**	**(955)**	**(6,664)**	**(1,752)**	**52,605**

At the reporting date, "Intangible assets" amounted to 52,605 thousand euro (54,357 thousand euro as at December 31, 2014). In applying IFRIC 12, from 2010 intangible assets also include assets in concession.

The net decrease of 1,752 thousand euro was the result of the combined effect of the following components:

- investments amounting to 5,909 thousand euro;
- negative changes for 42 thousand euro;
- write-downs for 955 thousand euro;
- amortization for 6,664 thousand euro accounted for in the year.

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

- 1,940 thousand euro for industrial patents and intellectual property rights mainly concerning the implementation of information technology and computer systems;
- 2,247 thousand euro for concessions, licences, trademarks and similar rights related to the purchase of software;
- 1,722 thousand euro for intangible assets under construction.

Included in the total balance of "Intangible assets" are "Assets in progress" for 1,323 thousand euro (473 thousand euro as at December 31, 2014), resulting in an increase of 850 thousand euro due to the combined effect of the following items:

- the increase of 1,722 thousand euro mainly relating to the IT projects;
- the decrease of 872 thousand euro due to the entry into service of software and IT applications;

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

Goodwill

Thousands of euro	Balance at 12 31 2014	Changes during the year						Balance at 12 31 2015
		Invest.	Other changes	Reclassifi-cations	Disp./ Write-downs	Amort.	Total changes	
Goodwill	38,435	-	-	-	(955)	-	(955)	37,480
Total goodwill	**38,435**	**-**	**-**	**-**	**(955)**	**-**	**(955)**	**37,480**

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

The value entered in the separate financial statements is a portion of the amount recorded within the consolidated financial statements, totalling 37,480 thousand euro as a result of extraordinary transactions with third parties. Thus, the method followed to identify the CGUs, involving the allocation of goodwill and the calculation of the recoverable amounts, is consistent with that adopted for the consolidated financial statements, reference to which is made for further details (note 2).

As regards the goodwill balance of 955 thousand euro resulting from extraordinary transactions made with Group entities, Impairment Tests have determined losses in value as at December 31, 2015.

3) Shareholdings and other non-current financial assets

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015	*of which included in the NFP*	
				12 31 2014	*12 31 2015*
Shareholdings in subsidiaries	4,025,496	(186,169)	3,839,327	-	-
Shareholdings in affiliates	56,149	(4,549)	51,600	-	-
Other non-current financial assets	406,342	(980)	405,362	*402,171*	*401,554*
Total shareholdings and other non-current financial assets	**4,487,987**	**(191,698)**	**4,296,289**	***402,171***	***401,554***

Shareholdings in subsidiaries

"Shareholdings in subsidiaries" amounted to 3,839,327 thousand euro (4,025,496 thousand euro as at December 31, 2014).

The following table illustrates the changes during the year:

Shareholdings in subsidiaries - *Thousands of euro*	**Total**
Balance at December 31, 2014	**4,025,496**
Changes during the year:	
- effect of non-recurring transactions	-
- acquisitions and capital increases	-
- sales and decreases	(4,798)
- revaluations	-
- write-downs from Impairment Test	(214,000)
- other changes	33,098
- reclassifications	(469)
Total changes for the year	**(186,169)**
Balance at December 31, 2015	**3,839,327**

As at December 31, 2015, the value of shareholdings in subsidiary companies presented a decrease of 186,169 thousand euro with respect to the close of the previous fiscal year and is attributed as follows:

- for 214,000 thousand euro to the write-down of the following investments: in Edipower S.p.A. for 117,000 thousand euro and EPCG for 97,000 thousand euro following the results of the specific Impairment Test carried out by an external expert on investments attributable to the Electricity CGU and EPCG CGU;
- for 4,798 thousand euro, the decrease resulting from the collection received following the closure of the liquidation process of Assoenergia S.p.A.;
- for 33,098 thousand euro to other changes primarily related to the payment made to the subsidiary A2A Trading S.r.l. to cover the losses of the previous year;

- for 469 thousand euro to the reclassification in accordance with IFRS 5, of the investment in SEASM S.r.l. held 67% by A2A S.p.A., under "Non-current assets held for sale" following management's decision to divest the investment.

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

Shareholdings in affiliates and joint ventures

"Shareholdings in affiliates and joint ventures" amounted to 51,600 thousand euro (56,149 thousand euro as at December 31, 2014).

Transactions carried out during the fiscal year are detailed as follows:

Shareholdings in affiliates and joint ventures - *Thousands of euro*	**Total**
Balance at December 31, 2014	**56,149**
Changes during the year:	
- effect of non-recurring transactions	-
- acquisitions and capital increases	2,451
- sales and decreases	-
- revaluations	-
- write-downs from Impairment Test	(7,000)
- reclassifications	-
Total changes for the year	**(4,549)**
Balance at December 31, 2015	**51,600**

As at December 31, 2015, the value of shareholdings in affiliates and joint ventures presented a decrease of 4,549 thousand euro with respect to the close of the previous fiscal year and is attributable to the effect of the following operations of opposite sign:

- for 2,451 thousand euro the increase determined by the acquisition of an additional 2% of the share capital of the company Acsm-Agam S.p.A.;
- for 7,000 thousand euro the decrease related to the write-down of the investment in Rudnik Uglja Ad Pljevlja following the results of the specific Impairment Test performed by an external expert on the shareholding.

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

Impairment of shareholdings in subsidiaries, affiliates and joint ventures

The recoverable value of shareholdings has been measured based on the present value of the corresponding expected net cash flows attributable to the shareholdings of A2A S.p.A. The cash flows used are in line with those used for the Impairment Test of the CGU for the consolidated financial statements. The same applies to the methodological approach and discount rates adopted further detailed in the Consolidated Annual Financial Report (note 2).

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

Shareholdings *Millions of euro*	**Pre-impairment test values at 12 31 2015**	**Recoverable amount (value in use) at 12 31 2015**	**Write-down**	**WACC**	**Growth rate g**
Edipower S.p.A.	854.6	737.6	(117.0)	9.0%	1.0%
EPCG	376.0	279.0	(97.0)	10.3%	1.0%
Rudnik Uglja Ad Pljevlja	19.1	12.1	(7.0)	12.7%	1.0%

Shareholdings *Millions of euro*	**Pre-impairment test values at 12 31 2014**	**Recoverable amount (value in use) at 12 31 2014**	**Write-down**	**WACC**	**Growth rate g**
Ergosud S.p.A.	50.3	-	(50.3)	6.6%	from 0.0% to 1.0%
Edipower S.p.A.	854.6	857.8	-	6.6%	from 0.0% to 1.0%

The other shareholdings did not require any write-downs.

Shareholdings *Millions of euro*	**Pre-impairment test values at 12 31 2015**	**Recoverable amount (value in use) at 12 31 2015**	**WACC**	**Growth rate g**
Aspem S.p.A.	26.5	49.0	7.3% - 8.3% - 6.2%(*)	1.0%
A2A Ciclo Idrico S.p.A.	167.0	295.0	6.3%	1.0%
Ergosud S.p.A.	-	-	9.0%	1.0%

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

Shareholdings *Millions of euro*	**Pre-impairment test values at 12 31 2014**	**Recoverable amount (value in use) at 12 31 2014**	**WACC**	**Growth rate g**
Aspem S.p.A.	26.5	35.0	4.7% - 5.5% - 7.1% (*)	from 0.5% to 1.0%
A2A Ciclo Idrico S.p.A.	167.0	238.0	7.1%	2.0%
EPCG	376.0	402.0	8.7%	from 1.0% to 3.0%
Rudnik Uglja Ad Pljevlja	19.1	20.0	8.7%	from 1.0% to 3.0%

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

Other non-current financial assets

"Other non-current financial assets" amounted to 405,362 thousand euro (406,342 thousand euro as at December 31, 2014), of which:

- financial assets held to maturity represented by Government securities for 96 thousand euro (unchanged from the previous year);
- financial assets with related parties in the amount of 401,458 thousand euro (402,075 thousand euro at December 31, 2014). This item refers both to financial receivables from subsidiaries, primarily attributable to Eidpower S.p.A. (398,000 thousand euro), for an interest-bearing loan on December 31, 2013, and expiring on December 31, 2017, and to SEASM S.r.l. (803 thousand euro), as well as receivables from the Municipality of Brescia (2,655 thousand euro) in application of IFRIC 12;
- financial assets held for sale amounted to 3,808 thousand euro (4,171 thousand euro at December 31, 2014) and decreased by 363 thousand euro due to the write-downs in the year under review.

4) Deferred tax assets

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015
Deferred tax assets	**34,808**	**13,453**	**48,261**

This item, which includes the net effect of deferred tax liabilities and deferred tax assets as per corporate income tax and regional tax as well as provisions made solely for tax purposes, resulted in a net asset of 48,261 thousand euro. 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.

Deferred tax assets have been determined, with regard to IRAP, using the tax rate in force. Regarding IRES, following the provision of art. 1, paragraph 61 of Law 208/2015, which ordered the reduction of 3.5 percentage points of the IRES rate from January 1, 2017, effective for tax periods following the current year at December 31, 2016, in these financial statements, the amount of deferred tax assets and liabilities has been adjusted to the new rate (24%).

At December 31, 2015, the amounts relative to deferred tax assets/deferred tax liabilities have been expressed as net ("Offsetting") in application of IAS 12.

This item is detailed in the table below:

Thousands of euro	Balance at 12 31 2015	Balance at 12 31 2014
Value differences of tangible assets	81,922	95,450
Adoption of the finance lease standard (IAS 17)	5,592	6,235
Value differences of intangible assets	5,633	6,455
Employee leaving entitlement (TFR)	187	509
Amounts to be paid in 2016	1,571	-
Other deferred tax liabilities	3,976	5,574
Deferred tax liabilities (A)	**98,881**	**114,223**
Tax loss carryforwards	-	-
Taxed risk provisions	62,196	48,885
Amortization, depreciation and write-downs	31,808	37,375
Adoption of the financial instrument standard (IAS 39)	6,889	412
Bad debts provision	1,816	1,889
Grants	2,654	2,908
Goodwill	31,039	39,696
Amounts to be paid in 2016	5,259	-
Other deferred tax assets	5,481	17,866
Deferred tax assets (B)	**147,142**	**149,031**
Net effect deferred tax assets (B-A)	**48,261**	**34,808**

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

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

5) Other non-current assets

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015	*of which included in the NFP*	
				12 31 2014	*12 31 2015*
Non-current derivatives	34,476	(34,476)	-	*34,476*	-
Other non-current assets	452	1	453	-	-
Total other non-current assets	**34,928**	**(34,475)**	**453**	***34,476***	**-**

“Other non-current assets” amounted to 453 thousand euro (34,928 thousand euro as at December 31, 2014), presenting a decrease of 34,475 thousand euro, and consist of the following:

- non-current derivatives have a zero balance, while at December 31, 2014, they were equal to 34,476 thousand euro and included assets for “Derivatives” for financial hedging. Said derivatives mainly refer to Interest Rate Swap (IRS) contracts hedging interest rate risk on bonds and long-term loans. At December 31, 2015, following the reclassification of underlying debt under “Current financial liabilities”, also the corresponding derivatives were reclassified from “Other non-current assets” to “Other current assets”;
- 453 thousand euro for other non-current assets related to other receivables (452 thousand euro at December 31, 2014).

Current assets

6) Inventories

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015
Inventories	**5,527**	**(750)**	**4,777**

As at December 31, 2015, inventories amounted to 4,777 thousand euro (5,527 thousand euro as at December 31, 2014), resulting in a negative change of 750 thousand euro. This items includes inventories of materials amounting to 4,732 thousand euro, net of relative provisions for obsolescence equal to 4,290 thousand euro (3,605 thousand euro at December 31, 2014), as well as fuels for 45 thousand euro.

7) Trade receivables

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015
Trade receivables	224,134	(73,439)	150,695
Bad debt provision	(4,675)	928	(3,747)
Total trade receivables	**219,459**	**(72,511)**	**146,948**

At December 31, 2015, trade receivables amounted to 146,948 thousand euro (219,459 thousand euro at December 31, 2014) and decreased by 72,511 thousand euro, related to:

- for 74,067 thousand euro to the decrease in receivables from subsidiaries, controlling entities and affiliates;
- for 1,556 thousand euro to the increase in receivables from customers.

As of the reporting date, the bad debt provision amounted to 3,747 thousand euro, a net decrease of 928 thousand euro. This provision is considered adequate to cover the risks to which it relates.

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

Thousands of euro	Balance at 12 31 2014	Provisions	Utilizations	Other changes	Balance at 12 31 2015
Bad debts provision	**4,675**	**(188)**	**(740)**	-	**3,747**

The following is the aging of trade receivables:

Thousands of euro	12 31 2014	12 31 2015
Trade receivables of which:	**219,459**	**146,948**
Current	**48,304**	**28,753**
Past due of which:	**11,701**	**11,748**
- Past due up to 30 days	1,091	618
- Past due from 31 to 180 days	457	5
- Past due from 181 to 365 days	2,652	3,068
- Past due over 365 days	7,501	8,057
Invoices to be issued	**164,129**	**110,194**
Bad debts provision	**(4,675)**	**(3,747)**

8) Other current assets

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015	*of which included in the NFP*	
				12 31 2014	*12 31 2015*
Current derivatives	**-**	**16,096**	**16,096**	**-**	**16,096**
Other current assets of which:	**41,864**	**46,744**	**88,608**	**-**	**-**
- advances to suppliers	281	(9)	272	-	-
- receivables from employees	285	23	308	-	-
- tax receivables	1,234	740	1,974	-	-
- receivables related to future years	1,460	366	1,826	-	-
- receivables from subsidiaries for tax consolidation	32,142	46,315	78,457	-	-
- receivables from social security entities	1,006	(25)	981	-	-
- receivables for water derivation fees	1,617	(637)	980	-	-
- Stamp Office	162	(32)	130	-	-
- other sundry receivables	3,677	3	3,680	-	-
Total other current assets	**41,864**	**62,840**	**104,704**	**-**	***16,096***

"Other current assets" presented a balance of 104,704 thousand euro (41,864 thousand euro as at December 31, 2014), an increase of 62,840 thousand euro with respect to the previous year. This item refers to the current financial hedging derivatives for 16,096 thousand euro, the increase of which is related to the reclassification from "Other non-current assets" of assets for "Derivatives" for financial hedging, mainly related to Interest Rate Swap (IRS) contracts to hedge the risk of adverse change in interest rates on bonds due within one year, receivables for tax consolidation to subsidiaries, for 78,457 thousand euro, to VAT receivables and other receivables from the tax authorities, for 1,974 thousand euro, to advances to suppliers for 272 thousand euro and other receivables for 7,905 thousand euro.

9) Current financial assets

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015	*of which included in the NFP*	
				12 31 2014	*12 31 2015*
Financial assets from related parties	730,269	(124,902)	605,367	730,269	605,367
Total financial assets from related parties	**730,269**	**(124,902)**	**605,367**	**730,269**	**605,367**

"Current financial assets" amounted to 605,367 thousand euro and refer to:

- for 598,980 thousand euro, to financial receivables from subsidiaries for the balance of intra-group accounts. It is noted that interest rates applied to intra-group accounts are based on three-month Euribor plus a spread;
- for 6,387 thousand euro, to financial receivables from affiliates.

The decrease amounted to 124,902 thousand euro and mainly refers to lower receivables accrued on the current account held with the subsidiaries.

10) Current tax assets

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015
Current tax assets	**51,955**	**(12,968)**	**38,987**

At December 31, 2015, this item amounted to 38,987 thousand euro (51,955 thousand euro at December 31, 2014) and refers to IRAP receivables (12,674 thousand euro), as well as to IRES receivables (19,627 thousand euro), relating to amounts requested for reimbursement on payments of previous years, and the remaining credit for Robin Tax (6,686 thousand euro) paid in previous years and that will be recovered in subsequent years.

11) Cash and cash equivalents

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015	*of which included in the NFP*	
				12 31 2014	*12 31 2015*
Cash and cash equivalents	**410,501**	**176,549**	**587,050**	**410,501**	**587,050**

"Cash and cash equivalents" at December 31, 2015 amounted to 587,050 thousand euro (410,501 thousand euro at December 31, 2014), with an increase of 176,549 thousand euro compared with the end of the previous year. Bank deposits include accrued interest not yet credited by the end of the year.

12) Non-current assets held for sale

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015
Non-current assets held for sale	**-**	**469**	**469**

The item includes the reclassification of the investment held by A2A S.p.A. in SEASM S.r.l., equal to 67% of the company's share capital, following management's decision to divest said investment. The company SEASM S.r.l. holds and manages 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 as of December 31, 2015, amounted to 2,161,592 thousand euro (2,324,748 thousand euro as of December 31, 2014), is set forth within the following table:

Thousands of euro	**Balance at 12 31 2014**	**Changes during the year**	**Balance at 12 31 2015**
Equity			
Share capital	1,629,111	-	**1,629,111**
(Treasury shares)	(60,891)	-	**(60,891)**
Reserves	748,270	(81,411)	**666,859**
Net result for the year	8,258	(81,745)	**(73,487)**
Total equity	**2,324,748**	**(163,156)**	**2,161,592**

13) Share capital

At December 31, 2015, the “Share capital” amounted to 1,629,111 thousand euro and is comprised of 3,132,905,277 ordinary shares with a unitary value of 0.52 euro each.

14) Treasury shares

At December 31, 2015, the “Treasury shares” amounted to 60,891 thousand euro (unchanged with respect to December 31, 2014) and consist of 26,917,609 own shares held by the company.

15) Reserves

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015
Reserves	**748,270**	**(81,411)**	**666,859**
of which:			
Changes in the fair value of cash flow hedge derivatives	(50,651)	23,443	**(27,208)**
Tax effect	11,582	(5,052)	**6,530**
Cash flow hedge reserves	**(39,069)**	**18,391**	**(20,678)**
Change in the IAS 19 Revised reserve - Employee benefits	(35,665)	6,086	**(29,579)**
Tax effect	9,056	(1,545)	**7,511**
IAS 19 Revised reserve - Employee benefits	**(26,609)**	**4,541**	**(22,068)**
Change in the Available-for-sale reserves	(608)	-	**(608)**
Tax effect	-	146	**146**
Change in Available for sale	**(608)**	**146**	**(462)**

“Reserves”, which at December 31, 2015 amounted to 666,859 thousand euro (748,270 thousand euro at December 31, 2014), decreased by 81,411 thousand euro mainly due to the distribution of the dividend.

This item includes the following unavailable reserves:

- for 113,479 thousand euro the reserve arising from the corporate separation occurred in 1999. Such reserve will be available for distribution in portions in the following years based on the amortization carried out by the receiving company on the higher values determining capital gains from contribution;
- 20,678 thousand euro for the negative cash flow hedge reserve including the fair value of hedging derivatives, net of tax;
- for 22,068 thousand euro, the negative reserve arising from the adoption of IAS 19 Revised - Employee Benefits which requires actuarial profits and losses to be recognized directly in an equity reserve, net of the tax effect;
- for 462 thousand euro, the negative available-for-sale reserve including the fair value of certain available-for-sale shareholdings net of the tax effect;
- for 186,468 thousand euro, the legal reserve.

It is noted that in 2015, dividends amounting to 112,747 thousand euro corresponding to 0.0363 euro per share were distributed, as approved by the shareholders’ meeting on June 11, 2015.

16) Result of the year

This item equals a loss of 73,487 thousand euro and includes the net result for the reporting year.

It shall be noted that the total value adjustments and provisions made as per article 109, paragraph 4 lett. B of the Consolidated Tax Act (TUIR) amounted to 141,956 thousand euro, net of the deferred tax provision relating to amounts deducted.

LIABILITIES

Non-current liabilities

17) Non-current financial liabilities

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015	*of which included in the NFP*	
				12 31 2014	*12 31 2015*
Non-convertible bonds	2,936,757	(505,804)	2,430,953	*2,936,757*	*2,430,953*
Payables to banks	819,141	(276,164)	542,977	*819,141*	*542,977*
Total non-current financial liabilities	**3,755,898**	**(781,968)**	**2,973,930**	***3,755,898***	***2,973,930***

"Non-current financial liabilities" amounted to 2,973,930 thousand euro (3,755,898 thousand euro at December 31, 2014), reflecting a decrease of 781,968 thousand euro.

"Non-convertible bonds" regard the following bonds, accounted for at amortized cost:

- 746,139 thousand euro, maturing in November 2019 and coupon of 4.50%, the nominal value of which is equal to 750,000 thousand euro;
- 495,584 thousand euro, maturing in January 2021 and coupon of 4.375%, the nominal value of which is equal to 500,000 thousand euro;
- 496,495 thousand euro, maturing in January 2022 and coupon of 3.625%, the nominal value of which is equal to 500,000 thousand euro;
- 298,848 thousand euro, Private Placement maturing in December 2023 and coupon of 4.00%, the nominal value of which is equal to 300,000 thousand euro;
- 296,314 thousand euro, maturing in February 2025 and coupon of 1.75%, the nominal value of which is equal to 300,000 thousand euro;
- 97,573 thousand euro, Private Placement in yen maturing August 2036 and 5.405% fixed rate.

The decrease in the non-current component of “Non-convertible bonds” equal to 505,804 thousand euro compared to December 31, 2014 is mainly due to the reclassification of the bond maturing 2016 under “Current financial liabilities” in part offset by the effects of the Liability Management operation in February 2015 and the resulting changes in amortized cost.

Non-current “Payables to banks” amounted to 542,977 thousand euro, a decrease of 276,164 thousand euro mainly related to the voluntary early repayment of a 200,000 thousand euro loan.

18) Employee benefits

At the end of the fiscal year, “Employee Benefits” amounted to 125,997 thousand euro (137,617 thousand euro as of December 31, 2014) with changes as follows during the period:

Thousands of euro	Balance at 12 31 2014	Provisions	Utilizations	Other changes	Balance at 12 31 2015
Employee leaving entitlement (TFR)	33,804	4,739	(2,800)	(5,183)	30,560
Employee benefits	103,813	-	(4,999)	(3,377)	95,437
Total employee benefits	**137,617**	**4,739**	**(7,799)**	**(8,560)**	**125,997**

Technical valuations were carried out on the basis of the following assumptions:

	2015	2014
Discount rate	from 0.24% to 2.03%	from 0.29% to 1.49%
Annual inflation rate	from 1.5% to 2.0%	from 0.6% to 2.0%
Annual salary increase rate	1.0%	1.0%
Annual TFR increase rate	from 2.6% to 3.0%	from 1.9% to 3.0%
Average annual increase rate of supplementary pensions	1.5%	1.5%
Annual turnover frequencies	from 2.0% to 5.0%	from 2.0% to 5.0%
Annual TFR advance frequencies	from 2.0% to 2.5%	from 2.0% to 2.5%

It is noted that:

- 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;
- the curve relative to the inflation rate under the current economic situation, which has particular volatility of the majority of economic indicators, was changed as shown in the table. This hypothesis was derived from the “Document of Economics and Finance 2015 - Update September 2015 Sect. II-Tab II.2” issued by the MEF and “The medium/long-term trends in the pension and social-health system - Report no. 16 “published by the State General Accounting Office;

- the annual rate of salary increase applied exclusively to companies with fewer than 50 employees on average in 2006 was determined on the basis of the reference data communicated by Group companies;
- the annual rate of TFR increase, according to art. 2120 of the Civil Code, is equal to 75% of inflation plus 1.5 percentage points;
- the annual advance and turnover frequencies are derived from historical experiences of the Group and the frequencies arising from the experience of the Actuary on a significant number of similar companies;
- for the demographic technical bases, it is noted that:
  - for "death", mortality table RG48 published by the State General Accounting Office was used;
  - for "inability", the INPS tables divided by age and gender were used;
  - for "retirement", the 10% parameter was used upon reaching the requirements of AGO (Obligatory General Insurance).

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

Thousands of euro	Turnover rate +1%	Turnover rate -1%	Inflation rate +0.25%	Inflation rate -0.25%	Actualization rate +0.25%	Actualization rate -0.25%
Employee leaving entitlement (TFR)	**30,406**	**30,671**	**30,868**	**30,201**	**30,003**	**31,077**

Thousands of euro	Actualization rate +0.25%	Actualization rate -0.25%	Mortality table increased by 10%	Mortality table decreased by 10%
Premungas	27,225	28,208	26,477	29,097
Electricity and gas discount	59,470	62,809	59,614	62,770
Additional months	3,565	3,781	n.s.	n.s.

19) Provisions for risks, charges and liabilities for landfills

Thousands of euro	Balance at 12 31 2014	Provisions net of releases	Utilizations	Other changes	Balance at 12 31 2015
Decommissioning provisions	22,812	-	(782)	3,414	25,444
Tax provisions	5,044	(553)	(1,822)	(657)	2,012
Personnel lawsuits and disputes provisions	23,845	44,032	(617)	(48)	67,212
Other risk provisions	112,793	3,016	(66,585)	421	49,645
Provisions for risks, charges and liabilities for landfills	**164,494**	**46,495**	**(69,806)**	**3,130**	**144,313**

“Decommissioning provisions”, which amounted to 25,444 thousand euro, include charges for costs of dismantling and recovery of production sites related to thermoelectric plants. The changes in the year were related to utilizations for 782 thousand euro, to cover the expenses incurred during the year; other changes for 3,414 thousand euro, mainly refer to the effects of the addendum to the expert reports to support the decommissioning provision, as further specified in note 1.

“Tax Provisions”, which amounted to 2,012 thousand, refer to provisions for pending or potential litigation with the tax authorities or territorial entities for levies and direct and indirect taxes. The changes in the year were related to releases for 553 thousand euro for the ICI/IMU (property tax) dispute with some territorial entities. Utilizations, for 1,822 thousand euro, refer to disbursements for the year resulting from the closure of some disputes in which the company was unsuccessful. Other changes, negative for 657 thousand euro, refer to the reclassification under “Other current liabilities” of the portions of the provision that will be used in the early months of the following year for which payment notices have already been received.

The “Personnel lawsuits and disputes provisions” amounted to 67,212 thousand euro and mainly refer to lawsuits pending with social security institutions for 15,221 thousand euro, for contributions not paid, to lawsuits with third parties, for 51,889 thousand euro and with employees, for 102 thousand euro, to cover the liabilities that could arise from litigations in progress. Provisions of the year, for 44,032 thousand euro, mainly refer to the provision subsequent to the filing of the Award regarding 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 “Other risk provisions”, amounting to 49,645 thousand euro, mainly refer to provisions relating to public water derivation fees, for 9,268 thousand euro; to the mobility provision related to the charge resulting from the corporate restructuring plan related to future outgoing employees for mobility, for 2,315 thousand euro; to the provision related to future impairment losses of certain investments for 33,351 thousand euro; other risks provisions for 4,711 thousand euro. Net provisions for the year amounted to 3,016 thousand euro and refer to allocations to provisions relating to public water derivation fees. Utilizations, amounting to 66,585 thousand euro, mainly refer to the absorption of losses for the year 2014 of the subsidiary A2A Trading S.r.l., as well as disbursements for the year for public water diversion fees and employee mobility provision.

20) Other non-current liabilities

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015	*of which included in the NFP*	
				12 31 2014	*12 31 2015*
Other non-current liabilities	24	(1)	23	-	-
Non-current derivatives	82,058	(54,850)	27,208	*68,326*	*27,208*
Total other non-current liabilities	**82,082**	**(54,851)**	**27,231**	***68,326***	***27,208***

"Other non-current liabilities" amounted to 27,231 thousand euro and mainly refer to the fair value measurement of derivatives to hedge interest rate risk on variable rate mortgages and bonds.

The decrease of 54,851 thousand euro is due:

- for 23,443 thousand euro to the decrease in the fair value of financial derivatives;
- for 12,780 thousand euro to the reclassification under "Other current liabilities" of the portion of derivatives related to financial hedging, in which the underlying debt has been reclassified to "Current financial liabilities";
- for 4,895 thousand euro to the close of a derivative, resulting in the voluntary early repayment of the underlying loan;
- for 13,732 thousand euro to the release to the income statement of the fair value of the put options related to the minority shareholders of Edipower S.p.A. following the non-application thereof, following the signing of the agreement that will lead to the partial non-proportional demerger of the subsidiary that will determine the liquidation of the minority shareholders by assigning to them a business unit with effect from January 1, 2016;
- for 1 thousand euro to the decrease in "Other non-current liabilities".

Current liabilities

21) Trade payables and other current liabilities

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015	*of which included in the NFP*	
				12 31 2014	*12 31 2015*
Advances	207	112	319	-	-
Payables to suppliers	76,173	1,909	78,082	-	-
Trade payables to related parties:	46,569	37,043	83,612	-	-
- subsidiaries	46,137	36,939	83,076	-	-
- parent companies	20	436	456	-	-
- affiliates	412	(332)	80	-	-
Total trade payables	**122,949**	**39,064**	**162,013**	**-**	**-**
Payables to social security institutions	13,734	222	13,956	-	-
Current derivatives	-	7,474	7,474	-	*7,474*
Other payables:	165,691	(71,982)	93,709	-	-
- payables for tax consolidation	65,542	(27,794)	37,748	-	-
- payables for tax transparency	8,438	-	8,438	-	-
- payables to personnel	22,600	(4,724)	17,876	-	-
- payables to CCSE	3	-	3	-	-
- tax payables	37,319	(24,698)	12,621	-	-
- payables for liabilities of competence of the following year	1,957	1	1,958	-	-
- payables to Dolomiti Energia S.p.A. for trade of Edipower S.p.A. shares	12,000	(12,000)	-	-	-
- payables for collections to be allocated	5,101	(1,621)	3,480	-	-
- payables to insurance companies	1,437	(37)	1,400	-	-
- payables to customers for work to be performed	3,871	(735)	3,136	-	-
- payables for water derivation fees	106	10	116	-	-
- payables to waterway municipalities	1,147	103	1,250	-	-
- others	6,170	(487)	5,683	-	-
Total other current liabilities	**179,425**	**(64,286)**	**115,139**	**-**	***7,474***
Total trade payables and other current liabilities	**302,374**	**(25,222)**	**277,152**	**-**	***7,474***

"Trade payable and other current liabilities" amounted to 277,152 thousand euro (302,374 thousand euro at December 31, 2014), representing an overall decrease of 25,222 thousand euro. This line includes the effects of application of the tax transparency agreement stipulated with an affiliate company.

22) Current financial liabilities

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015	*of which included in the NFP*	
				12 31 2014	*12 31 2015*
Non-convertible bonds	51,764	519,822	571,586	*51,764*	*571,586*
Payables to banks	77,651	18,533	96,184	*77,651*	*96,184*
Financial payables to related parties	477,809	254,934	732,743	*477,809*	*732,743*
Total current financial liabilities	**607,224**	**793,289**	**1,400,513**	***607,224***	***1,400,513***

"Current financial liabilities" amounted to 1,400,513 thousand euro, compared to 607,224 thousand euro as of the close of the preceding fiscal year.

In particular, "Non-convertible bonds" increased by 519,822 thousand euro due to the reclassification from "Non-current financial liabilities" of the bond maturing in November 2016 and coupon of 4.50%, partially repurchased in February 2015 for 258,179 thousand nominal euro. The nominal value of this bond is currently 503,412 thousand euro. Accounting is at fair value hedge; the bond is therefore measured at amortized cost, adjusted for the change in fair value of the risk hedged. The risk of change in fair value of the bond due to interest rate fluctuations, has been hedged by means of subscription of a fix to variable IRS derivative. Said hedge is documented and currently effective (as demonstrated by the results of the efficacy tests performed). The adjustment of the carrying value of the bond due to changes in the fair value of the hedged risk is recognized in the income statement, where it is offset with the changes in the fair value of the hedging derivative.

Interest of 52,861 thousand euro (51,764 thousand euro at December 31, 2014) accrued on the bonds at December 31, 2015.

Current "Payables to banks" have increased by 18,533 thousand euro during the year, mainly due to the reclassification of the portion due within one year from the item "Non-current financial liabilities".

"Financial payables to related parties" showed an increase of 254,934 thousand euro; it should be noted that the interest rates on intercompany accounts have been obtained by applying a three-month Euribor spread.

23) Tax liabilities

Thousands of euro	Balance at 12 31 2014	Changes during the year	Balance at 12 31 2015
Tax liabilities	-	41.876	41.876

At December 31, 2015, this item amounted to 41,876 thousand euro (no value at December 31, 2014) and refers to the payable for current IRES.

Net debt

24) Net debt

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

The following table provides details of net debt.

Thousands of euro	Notes	12 31 2015	12 31 2014
Bonds - non-current portion	17	2,430,953	2,936,757
Bank loans - non-current portion	17	542,977	819,141
Other non-current liabilities	20	27,208	68,326
Total medium/long-term debt		**3,001,138**	**3,824,224**
Non-current financial assets with related parties	3	(401,458)	(402,075)
Other non-current financial assets and other non-current assets	3-5	(96)	(34,572)
Total medium/long-term financial receivables		**(401,554)**	**(436,647)**
Total non-current net debt		***2,599,584***	***3,387,577***
Bonds - current portion	22	571,586	51,764
Bank loans - current portion	22	96,184	77,651
Other current liabilities	21	7,474	-
Financial liabilities to related parties - current portion	22	732,743	477,809
Total short-term debt		**1,407,987**	**607,224**
Other current assets	8	(16,096)	-
Financial assets with related parties - current portion	9	(605,367)	(730,269)
Total short-term financial receivables		**(621,463)**	**(730,269)**
Cash and cash equivalents	11	**(587,050)**	**(410,501)**
Total current net debt		***199,474***	***(533,546)***
Net debt		***2,799,058***	***2,854,031***

Notes to the income statement

25) Revenues

Revenues in 2015 amounted to 494,009 thousand euro (578,155 thousand euro at December 31, 2014), therefore decreasing by 84,146 thousand euro.

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

Revenues - *Thousands of euro*	**12 31 2015**	**12 31 2014**	**Changes**
Revenues from the sale of goods	121,554	211,015	(89,461)
Revenues from services	344,410	342,601	1,809
Total revenues from the sale of goods and services	**465,964**	**553,616**	**(87,652)**
Other operating income	**28,045**	**24,539**	**3,506**
Total revenues	**494,009**	**578,155**	**(84,146)**

"Revenues from the sale of goods and services" amounted to 465,964 thousand euro (553,616 thousand euro in 2014), down 87,652 thousand euro. This change is due to the decrease in sales revenues, for 89,461 thousand euro, mainly related to lower sales of Green Certificates, to both the subsidiary A2A Trading S.r.l. and to third parties due to lower production of hydroelectric plants, which in 2014 had benefited from an extraordinary water availability. Revenues from services increased for a total of 1,809 thousand euro, due mainly to the increase in revenues from tolling agreements and power purchase agreements entered into with A2A Trading S.r.l. and the increase in revenues from the Municipality of Milan following progressive completion of the plan to replace all traditional public lighting systems with LED lamps.

"Other operating income", amounting to 28,045 thousand euro (24,539 thousand euro in the previous year), relates to rents from subsidiaries and affiliates, releases from provisions made in prior years, reimbursements for losses and penalties from customers, insurance companies and individuals, as well as the sale of equipment and materials.

Details of the main items are as follows:

Thousands of euro	12 31 2015	12 31 2014	Changes
Sales of electricity, of which:	**7,664**	**13,440**	**(5,776)**
- third-party customers	551	905	(354)
- subsidiaries	7,113	12,535	(5,422)
Sales of heat, of which	**303**	**258**	**45**
- subsidiaries	303	258	45
Sales of materials, of which:	**3,486**	**2,830**	**656**
- third-party customers	329	439	(110)
- subsidiaries	3,120	2,369	751
- affiliates	37	22	15
Sales of emission certificates and allowances, of which:	**110,101**	**194,487**	**(84,386)**
- third-party customers	263	20,212	(19,949)
- subsidiaries	109,838	174,275	(64,437)
Total revenues from the sale of goods	**121,554**	**211,015**	**(89,461)**
Services, of which:			
- third-party customers	5,201	5,831	(630)
- subsidiaries	299,230	297,705	1,525
- Municipalities of Milan and Brescia	38,629	37,688	941
- affiliates	1,350	1,377	(27)
Total revenues from services	**344,410**	**342,601**	**1,809**
Total revenues from the sale of goods and services	**465,964**	**553,616**	**(87,652)**
Other operating income, of which:			
- subsidiaries	7,320	10,131	(2,811)
- affiliates	-	-	-
Other revenues	20,725	14,408	6,317
Total other operating income	**28,045**	**24,539**	**3,506**
Total revenues	**494,009**	**578,155**	**(84,146)**

26) Operating expenses

"Operating expenses" totalled 290,868 thousand euro (353,097 thousand euro in 2014), with a decrease of 62,229 thousand euro.

The main components of this item are as follows:

Operating expenses - *Thousands of euro*	12 31 2015	12 31 2014	Changes
Raw materials and consumables	100,442	166,325	(65,883)
Service costs	120,932	108,230	12,702
Total expenses for raw materials and services	**221,374**	**274,555**	**(53,181)**
Other operating expenses	**69,494**	**78,542**	**(9,048)**
Total operating expenses	**290,868**	**353,097**	**(62,229)**

"Expenses for raw materials and services" amounted to 221,374 thousand euro (274,555 thousand euro in 2014), a decrease of 53,181 thousand euro.

This decrease is due to the combined effect of lower costs incurred for the purchase of raw materials and consumables, amounting to 65,883 thousand euro, mainly due to the decrease in purchases of Green Certificates and energy from subsidiaries and higher costs for services, amounting to 12,702 thousand euro, relating to contracts and works, various services provided by third parties, subsidiaries and affiliates.

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

Expenses for raw materials and services - *Thousands of euro*	**12 31 2015**	**12 31 2014**	**Changes**
Purchases of power and fuel, of which:	**19,612**	**32,114**	**(12,502)**
- third-party suppliers	1,181	1,382	(201)
- subsidiaries	18,431	30,732	(12,301)
Change in inventories of fuel	**68**	**(17)**	**85**
Purchases of demineralized industrial water	**303**	**156**	**147**
Purchases of materials of which:	**7,593**	**7,261**	**332**
- third-party suppliers	7,505	7,167	338
- subsidiaries	88	94	(6)
Change in inventories of materials	**681**	**125**	**556**
Purchases of emission certificates and allowances of which:	**72,185**	**126,686**	**(54,501)**
- third-party suppliers	432	256	176
- subsidiaries	71,753	126,430	(54,677)
Total expenses for raw materials and consumables	**100,442**	**166,325**	**(65,883)**
Delivery and transmission costs	**8**	**2**	**6**
Transport from subsidiaries	**-**	**-**	**-**
Subcontracts and works	**25,095**	**18,557**	**6,538**
Services, of which:	**95,829**	**89,671**	**6,158**
- third-party suppliers	59,639	52,937	6,702
- subsidiaries	35,881	36,398	(517)
- affiliates	309	336	(27)
Total service costs	**120,932**	**108,230**	**12,702**
Total expenses for raw materials and services	**221,374**	**274,555**	**(53,181)**
Leasehold improvements:	**13,005**	**29,922**	**(16,917)**
- third-party suppliers	12,861	29,512	(16,651)
- subsidiaries	144	410	(266)
Sundry operating expenses	**48,981**	**48,572**	**409**
Other expenses from subsidiaries	**7,508**	**48**	**7,460**
Losses on disposal of tangible assets	**-**	**-**	**-**
Other operating expenses	**69,494**	**78,542**	**(9,048)**
Total operating expenses	**290,868**	**353,097**	**(62,229)**

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

27) Labour costs

Net of capitalized expenses, labour costs at December 31, 2015, amounted to 119,733 thousand euro (131,530 thousand euro in the previous year). The decrease compared to the previous year is mainly attributable to the decrease in the workforce and lower mobility costs, partially offset by contractual increases.

"Labour costs" may be analyzed as follows:

Labour costs - *Thousands of euro*	**12 31 2015**	**12 31 2014**	**Changes**
Wages and salaries	75,391	77,845	(2,454)
Social security charges	26,386	27,113	(727)
Employee leaving entitlement (TFR)	4,740	4,947	(207)
Other costs	13,216	21,625	(8,409)
Total labour costs	**119,733**	**131,530**	**(11,797)**

The item under review also includes the remuneration paid by A2A S.p.A. to the members of the Board of Directors in the year for a total of 2,513 thousand euro; for further details, reference is made to the specific file "Remuneration Report - 2016".

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

	2015	**2014**	**Changes**
Executives	75	76	(1)
Managers	189	187	2
White collars	912	937	(25)
Blue collars	200	224	(24)
Total	**1,376**	**1,424**	**(48)**

28) Gross operating margin

Due to the effect of the dynamics explained above, "Gross operating margin" totalled 83,408 thousand euro (93,528 thousand euro in 2014).

29) Depreciation, amortization, provisions and write-downs

"Depreciation, amortization, provisions and write-downs" amounted to 132,014 thousand euro (207,947 thousand euro at December 31, 2014), representing a decrease of 75,933 thousand euro.

The following table provides details of the individual items:

Depreciation, amortization, provisions, and write-downs *Thousands of euro*	**12 31 2015**	**12 31 2014**	**Changes**
Amortization of intangible assets	6,664	5,783	881
Depreciation of tangible assets	74,161	80,477	(6,316)
Other write-downs of fixed assets	4,955	29,336	(24,381)
Total amortization, depreciation and write-downs	**85,780**	**115,596**	**(29,816)**
Bad debts provision included in current assets and cash and cash equivalents	(261)	686	(947)
Provisions for risks	46,495	91,665	(45,170)
Total depreciation, amortization, provisions and write-downs	**132,014**	**207,947**	**(75,933)**

In particular, “Amortization and depreciation” totalled 80,825 thousand euro (86,260 thousand euro in 2014), showing a net decrease of 5,435 thousand euro mainly resulting from the decrease, of 10,000 thousand euro, in amortization and depreciation related to the 230 MW production section of the thermoelectric plant in Cassano d’Adda, which completed depreciation in the year 2014, partially offset by higher depreciation for 4,565 thousand euro, resulting from both depreciation on the investments made during the year under review and the revision of the remaining useful life of a thermoelectric plant. Depreciation is calculated on the basis of technical and economic rates considered representative of the remaining useful life of the related tangible assets.

The write-downs of fixed assets amounted to 4,955 thousand euro and mainly relate to the write-down of the thermoelectric plants of Cassano d’Adda, as well as the write-down of some goodwill recognized in previous years as a result of extraordinary transactions, while in the previous year they amounted to 29,336 thousand euro and concerned the write-down of the thermoelectric plant of Ponti sul Mincio and some goodwill recognized in previous years as a result of extraordinary transactions. Write-downs were carried out following the results obtained in the impairment test, performed by an external independent expert appointed by the Group. This was performed as a result of the continuation of the economic crisis in Italy and the resulting decrease in requirements which, together with the further increase in production from non-programmable renewable sources, has caused a substantial decrease in production of all thermoelectric plants. Further details of the work carried out for the impairment test can be found in the Consolidated Annual Report (note 2).

Regarding the transposition 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 company had carried out, as of June 2012, a series of simulations using ISTAT coefficients, which were found to be the only possible data that is 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 “Bad debt provision” amounted to a negative value of 261 thousand euro (686 thousand euro in 2014), decreasing by 947 thousand euro.

The balance of “Provisions for risks and charges” shows a net effect of 46,495 thousand euro (91,665 thousand euro at December 31, 2014) due to allocations of 48,245 thousand euro made during the year, offset by the 1,750 thousand euro of risk provisions made in previous years, released in the current year since the original disputes have ceased to exist. Provisions for the year were concerned for 44,032 thousand euro allocations to the “Personnel lawsuits and disputes provisions”, including the allocation for Asm Novara S.p.A. dispute; for 3,017 thousand euro allocations to “Other risk provisions” for public water derivation fees; releases for 553 thousand euro related to the “Tax provisions” mainly concerning the ICI/IMU dispute. For further details, reference is made to note 19) Provisions for risks, charges and liabilities for landfills.

For further information on the dispute with Pessina Costruzioni for Asm Novara S.p.A., reference is made to the specific paragraph “Other information - Asm Novara S.p.A. dispute”.

30) Net operating income

The “Net operating income” is negative by 48,606 thousand euro (negative by 114,419 thousand euro at December 31, 2014).

31) Result from non-recurring transactions

This item had a zero balance at December 31, 2015, while it amounted to 24,839 thousand euro in the previous year and incorporated the income on the exchange agreement between A2A S.p.A. and Dolomiti Energia S.p.A. which provided for the sale to A2A S.p.A. of Edipower S.p.A. shares owned by Dolomiti Energia in exchange for the sale of Dolomiti Energia shares held by A2A S.p.A. plus the balance in cash or assets for a total of 16 million euro. This income derived from the difference between the value attributed to the shareholding in Dolomiti Energia S.p.A. as part of the exchange and its carrying value in the financial statements of A2A S.p.A..

32) Financial balance

Financial expenses exceeded financial income by 71,807 thousand euro (positive for 70,859 thousand euro at December 31, 2014). Details of the most significant sub-items are shown in the table below:

Financial income

Financial income - *Thousands of euro*	12 31 2015	12 31 2014	Changes
Income on derivatives	**23,550**	**12,561**	**10,989**
Income from financial assets:	**275,948**	**303,313**	**(27,365)**
Income from dividends:	236,559	244,908	(8,349)
- subsidiaries	234,946	240,676	(5,730)
- affiliates	1,392	4,146	(2,754)
- in other companies	221	86	135
Income on receivables/securities recorded as non-current assets:	2	2	-
- from others	2	2	-
Income on receivables/securities recorded as current assets:	39,302	58,397	(19,095)
- from subsidiaries	34,309	53,845	(19,536)
- from affiliates	74	2	72
- from parent companies	3,200	3,200	-
- from others:	1,719	1,350	369
a) bank current accounts	918	1,334	(416)
b) other receivables	801	16	785
Foreign exchange gains	85	6	79
Total financial income	**299,498**	**315,874**	**(16,376)**

"Financial income" totalled 299,498 thousand euro (315,874 thousand euro at December 31, 2014), and relate to income from financial assets.

In particular, the income on derivatives amounted to 23,550 thousand euro (12,561 thousand at December 31, 2014) and related to the positive performance of the fair value of, and realized gains on, financial derivative contracts and the income from the cancellation of the derivative related to the option agreement between A2A S.p.A. and Società Elettrica Altoatesina S.p.A. (SEL) concerning a part of the shares of Edipower S.p.A. held by it for 13,732 thousand euro; in the previous year, this item had been included in financial expenses and the expense had been determined by the fair value of the option shares, as further described in note 19) Other non-current liabilities.

Income on financial assets amounted to 275,948 thousand euro (303,313 thousand euro at December 31, 2014) and concerned:

- income on dividends in the amount of 236,559 thousand euro (244,908 thousand euro in the previous year) which refer to dividends distributed by subsidiaries, 234,946 thousand euro, affiliates, 1,392 thousand euro, and certain investees of A2A S.p.A., 221 thousand euro;
- income on receivables/securities booked under non-current assets in the amount of 2 thousand euro (2 thousand euro at December 31, 2014), relating mainly to interest on fixed-income securities and guarantee deposits;
- income on receivables/securities booked under current assets in the amount of 39,302 thousand euro (58,397 thousand euro at December 31, 2014), including 34,309 thousand euro (53,845 thousand euro at December 31, 2014) in interest income from subsidiaries on intercompany loans, 74 thousand euro in interest income from affiliates, 3,200 thousand euro (3,200 thousand euro at December 31, 2014) in income from the Municipality of Brescia, pursuant to the implementation of IFRIC 12 in connection with the public lighting system, 1,719 thousand euro (1,350 thousand euro at December 31, 2014) in interest on bank deposits and sundry receivables;
- foreign exchange gains in the amount of 85 thousand euro (6 thousand euro in the previous year).

Financial expenses

Financial expenses - *Thousands of euro*	12 31 2015	12 31 2014	Changes
Expenses on financial assets held for trading	**221,372**	**51,161**	**170,211**
- Shareholdings write-downs	221,372	51,161	170,211
Expenses on derivatives	**5,174**	**21,431**	**(16,257)**
Expenses on financial assets	**144,759**	**172,423**	**(27,664)**
- from subsidiaries	5,016	6,889	(1,873)
- from affiliates	-	-	-
- parent company	-	-	-
- others:	139,743	165,534	(25,791)
a) interest on bond	124,514	135,014	(10,500)
b) banks	12,822	25,102	(12,280)
c) others	2,407	5,311	(2,904)
d) foreign exchange losses	-	107	(107)
Total financial expenses	**371,305**	**245,015**	**126,290**

"Financial expenses" amounted to 371,305 thousand euro (245,015 thousand euro in 2014) and referred to:

- 221,372 thousand euro (51,161 thousand euro at December 31, 2014) mainly due to the write-downs of the shareholding in Edipower S.p.A., and to the write-downs of investments held in EPCG and Rudnik, as discussed in greater detail in note 3 "Shareholdings and other non-current financial assets";
- 5,174 thousand euro (21,431 thousand euro at December 31, 2014) for realized losses on and negative changes in the fair value of derivatives. In the previous year, said item reported the valuation of the derivative related to the option contract between A2A S.p.A. and Società Elettrica Altoatesina S.p.A. (SEL) concerning a portion of the shares in Edipower S.p.A. held for 13,732 thousand euro. This expense had been determined from the fair value of the shares covered by the option;
- for 144,759 thousand euro (172,423 thousand euro at December 31, 2014) for expenses from financial liabilities, made up of:
  - interest charged by subsidiaries in the amount of 5,016 thousand euro (6,889 thousand euro in 2014) on intercompany loans extended under the Group's cash management system;
  - other financial charges in the amount of 139,743 thousand euro (165,534 thousand euro at December 31, 2014), which mainly relate to interest on bonds and interest on the revolving credit lines used with various banks.

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

33) Income taxes

Income taxes - *Thousands of euro*	**12 31 2015**	**12 31 2014**	**Changes**
Current taxes	(27,322)	(26,463)	(859)
Deferred tax assets	(4,263)	37,349	(41,612)
Deferred tax liabilities	(15,341)	(37,865)	22,524
Total income taxes	**(46,926)**	**(26,979)**	**(19,947)**

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

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

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

Current income tax (IRES) of A2A S.p.A. is calculated on its own taxable income net of the adjustments relating to the national tax consolidation filing, in accordance with appendix E of accounting standard OIC 25 of August 2014.

In compliance with accounting standard OIC 25, the "income/expense related to consolidation", which constitute the remuneration/contra-entry for the transfer to the parent company A2A S.p.A. of a tax loss or taxable income, are recognized in the balance sheet.

The total amount of IRAP was determined by subjecting the net value of production, suitably adjusted by the increases and decreases required by tax legislation.

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

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

Following the provision of art. 1, paragraph 61 of Law 208/2015, which ordered the reduction of 3.50% of the IRES rate from January 1, 2017, effective for tax periods following the current year at December 31, 2016, in these financial statements, the amount of deferred tax assets and liabilities has been adjusted to the new rate (24%). The net effect is equal to 315 thousand euro of additional taxes.

We note that following Sentence no. 10/2015 of the Constitutional Court, which declared the additional IRES of 6.50% ("Robin Hood Tax") to be unconstitutional with effect from February 12, 2015, in these financial statements there is no effect for said tax, since the tax assets and liabilities on temporary differences generated in previous years were fully reversed in the year 2014. Instead, the financial statements at December 31, 2014 include the effects of the additional tax.

We also note that, following the provision of art. 1, paragraph 20, of Law December 23, 2014, no. 190 ("2015 Stability Law"), from the current tax period the entire labour costs relating to employees with permanent contracts are deducted from IRAP and that, also with reference to IRAP, taxes for previous years and the period implement the new method of calculation, based on the application of art. 6, par. 9 of Legislative Decree December 15, 1997 no. 446 (method of "industrial holdings"), introduced following the positive confirmation, by the Inland Revenue, to the specific request for clarification filed by A2A. The consistency of deferred tax assets was subsequently adapted to the new IRAP rate for the specific sector (5.57%).

At December 31, 2015, income taxes for the year (IRES and IRAP), amounted to -46,926 thousand euro (-26,979 thousand euro at the end of the previous year) and were made up as follows:

- 5,974 thousand euro in current IRES for the year;
- -21,712 thousand euro for remuneration for the transfer of interest payable to the tax consolidation system;
- -299 thousand euro for transfer to equity reserve of part of income taxes;
- -11,285 thousand euro related to taxes of previous years;
- -17,240 thousand euro for deferred tax liabilities for IRES purposes;
- 1,900 thousand euro for deferred tax liabilities for IRAP purposes;
- 6,399 thousand euro in deferred tax assets for IRES purposes;
- -10,663 thousand euro in deferred tax assets for IRAP purposes.

The main permanent increases in IRES include write-downs of shareholding in the amount of 221,362 thousand euro, non-deductible extraordinary expenses in the amount of 1,801 thousand euro, as well as property taxes (IMU) in the amount of 12,688 thousand euro.

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

IRES - reconciliation between theoretical and effective taxation

Income before tax	(120,413,172)	
Theoretical tax expense		(33,113,622)
Permanent differences	90,449,442	
Income before taxes adjusted for permanent differences	(29,963,730)	
Temporary differences deductible in future years	60,582,264	
Temporary differences taxable in future years	-	
Reversal of prior year temporary differences	(8,893,204)	
Taxable income	21,725,330	
Current taxes on income for the year		5,974,466
other income to be deducted from tax consolidation		(21,711,850)
taxes to be deducted to equity		(299,679)
Total current income taxes for the year		(16,037,063)

IRAP - Reconciliation between theoretical and effective taxation

Difference between production value and costs	33,365,494	
Costs not relevant for IRAP purposes	79,210,206	
Total	(45,844,712)	
Theoretical tax expense (5.57%)		(2,553,550)
Temporary differences deductible in future years	58,239,001	
Temporary differences taxable in future years	-	
Reversal of prior year temporary differences	(12,394,289)	
Taxable income for IRAP purposes	-	
Current IRAP on income for the year		-

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

IRES - Deferred tax assets and liabilities for the year

Taxable temporary differences

Case description *Units of euro*	Deferred taxes previous year			Adjustments			Uses in current year		
	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
Differences in amount of tangible assets	319,292,468	27.5%	87,805,429	8,301,863	27.5%	2,283,012	17,867,231	27.5%	4,913,489
Application of the lease finance standard (IAS 17)	20,171,593	27.5%	5,547,188	-	27.5%	-	267,751	27.5%	73,632
Application of the financial instrument standard (IAS 39)	-	27.5%	-	-	27.5%	-	-	27.5%	-
Differences in amount of intangible assets	23,470,724	27.5%	6,454,449	-	27.5%	-	-	27.5%	-
Capital gains installments	-	27.5%	-	-	27.5%	-	-	27.5%	-
Employee leaving entitlement (TFR)	1,850,053	27.5%	508,765	(1,071,412)	27.5%	(294,638)	-	27.5%	-
Amounts to be paid in 2016	5,400,580	27.5%	1,485,160	313,394	27.5%	86,183	-	27.5%	-
Other deferred tax liabilities	18,298,757	27.5%	5,032,158	(5,277,657)	27.5%	(1,451,356)	146,138	27.5%	40,188
Total	**388,484,175**		**106,833,148**	**2,266,188**		**623,202**	**18,281,120**		**5,027,308**

Deductible temporary differences

Case description *Units of euro*	Deferred taxes previous year			Adjustments			Uses in current year		
	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
	-		-	-		-	-		-
Taxed risk provisions	171,464,995	27.5%	47,152,874	(1,826,441)	27.5%	(502,271)	6,062,171	27.5%	1,667,097
Amortization, depreciation and write-downs	110,249,667	27.5%	30,318,658	-	27.5%	-	7,923,311	27.5%	2,178,911
Application of the financial instrument standard (IAS 39)	1,497,250	27.5%	411,744	50,651,173	27.5%	13,929,073	-	27.5%	-
Bad debt provision	6,868,891	27.5%	1,888,945	696,890	27.5%	191,645	-	27.5%	-
Costs for business combinations	-	27.5%	-	-	27.5%	-	-	27.5%	-
Grants	9,644,123	27.5%	2,652,134	-	27.5%	-	-	27.5%	-
Goodwill	114,465,871	27.5%	31,478,115	-	27.5%	-	12,188,842	27.5%	3,351,932
Amounts to be paid in 2016	19,126,094	27.5%	5,259,676	-	27.5%	-	-	27.5%	-
Other deferred tax assets	64,929,847	27.5%	17,855,708	(41,509,309)	27.5%	(11,415,060)	1,015,923	27.5%	279,379
Total	**498,246,739**		**137,017,853**	**8,012,313**		**2,203,386**	**27,190,247**		**7,477,318**

Sub-total			Changes in tax rate			Increases for the year			Increases/uses to equity			Total deferred taxes liabilities		
Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
309,727,100	27.5%	85,174,952	309,727,100	24.0%	74,334,504	-	24.0%	-	-	24.0%	-	309,727,100	24.0%	74,334,504
19,903,842	27.5%	5,473,556	19,903,842	24.0%	4,776,922	-	24.0%	-	-	24.0%	-	19,903,842	24.0%	4,776,922
-	27.5%	-	-	24.0%	-	-	24.0%	-	-	24.0%	-	-	24.0%	-
23,470,724	27.5%	6,454,449	23,470,724	24.0%	5,632,974	-	24.0%	-	-	24.0%	-	23,470,724	24.0%	5,632,974
-	27.5%	-	-	24.0%	-	-	24.0%	-	-	24.0%	-	-	24.0%	-
778,641	27.5%	214,126	778,641	24.0%	186,874	-	24.0%	-	-	24.0%	-	778,641	24.0%	186,874
5,713,974	27.5%	1,571,343	5,713,974	27.5%	1,571,343	-	27.5%	-	-	27.5%	-	5,713,974	27.5%	1,571,343
12,874,963	27.5%	3,540,615	12,874,963	24.0%	3,089,991	-	24.0%	-	-	24.0%	-	12,874,963	24.0%	3,089,991
372,469,243		**102,429,042**	**372,469,243**		**89,592,607**	**-**		**-**	**-**		**-**	**372,469,243**		**89,592,607**

Sub-total			Changes in tax rate			Increases for the year			Increases/uses to equity			Total deferred taxes liabilities		
Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
-		-	-		-	-		-	-		-	-		-
163,576,383	27.5%	44,983,505	163,576,383	24.0%	39,258,332	53,938,955	24.0%	12,945,349	(4,996,306)	24.0%	(1,199,113)	212,519,032	24.0%	51,004,568
102,326,356	27.5%	28,139,748	102,326,356	24.0%	24,558,325	4,961,553	24.0%	1,190,773	-	24.0%	-	107,287,909	24.0%	25,749,098
52,148,423	27.5%	14,340,816	52,148,423	24.0%	12,515,622	-	24.0%	-	(23,443,082)	24.0%	(5,626,340)	28,705,341	24.0%	6,889,282
7,565,781	27.5%	2,080,590	7,565,781	24.0%	1,815,787	-	24.0%	-	-	24.0%	-	7,565,781	24.0%	1,815,787
-	27.5%	-	-	24.0%	-	-	24.0%	-	-	24.0%	-	-	24.0%	-
9,644,123	27.5%	2,652,134	9,644,123	24.0%	2,314,590	-	24.0%	-	-	24.0%	-	9,644,123	24.0%	2,314,590
102,277,029	27.5%	28,126,183	102,277,029	24.0%	24,546,487	901,756	24.0%	216,421	-	24.0%	-	103,178,785	24.0%	24,762,908
19,126,094	27.5%	5,259,676	19,126,094	27.5%	5,259,676	-	27.5%	-	-	27.5%	-	19,126,094	27.5%	5,259,676
22,404,615	27.5%	6,161,269	22,404,615	24.0%	5,377,108	780,000	24.0%	187,200	(1,089,492)	24.0%	(261,478)	22,095,123	24.0%	5,302,830
479,068,805		**131,743,921**	**479,068,805**		**115,645,926**	**60,582,264**		**14,539,743**	**(29,528,880)**		**(7,086,931)**	**510,122,189**		**123,098,739**

IRAP - Deferred tax assets and liabilities for the year

Taxable temporary differences

Case description *Units of euro*	Deferred taxes previous year			Adjustments			Uses in current year		
	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
Differences in amount of tangible assets	148,433,998	4.20%	6,234,228	-	4.20%	-	12,211,789	4.20%	512,895
Application of the lease finance standard (IAS 17)	14,629,909	4.20%	614,456	-	4.20%	-	-	4.20%	-
Differences in amount of intangible assets	6,778	4.20%	285	-	4.20%	-	-	4.20%	-
Other deferred tax liabilities	12,855,252	4.20%	539,921	3,337,600	4.20%	140,179	286,418	4.20%	12,030
Total	**175,925,937**		**7,388,889**	**3,337,600**		**140,179**	**12,498,207**		**524,925**

Deductible temporary differences

Case description *Units of euro*	Deferred taxes previous year			Adjustments			Uses in current year		
	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
Taxed risk provisions	41,251,585	4.20%	1,732,567	117,301,016	4.20%	4,926,643	6,062,171	4.20%	254,611
Amortization, depreciation and write-downs	111,415,099	4.20%	4,679,434	-	4.20%	-	6,641,483	4.20%	278,942
Costs for business combinations	-	4.20%	-	-	4.20%	-	-	4.20%	-
Grants	6,087,924	4.20%	255,693	-	4.20%	-	-	4.20%	-
Goodwill	126,175,505	4.20%	5,299,371	-	4.20%	-	12,188,842	4.20%	511,931
Other deferred tax assets	1,083,992	4.20%	45,528	-	4.20%	-	-	4.20%	-
Total	**286,014,105**		**12,012,592**	**117,301,016**		**4,926,643**	**24,892,496**		**1,045,485**

Sub-total			Changes in tax rate			Increases for the year			Increases/uses to equity			Total deferred taxes liabilities		
Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
136,222,209	4.20%	5,721,333	136,222,209	5.57%	7,587,577	-	5.57%	-	-	5.57%	-	136,222,209	5.57%	7,587,577
14,629,909	4.20%	614,456	14,629,909	5.57%	814,886	-	5.57%	-	-	5.57%	-	14,629,909	5.57%	814,886
6,778	4.20%	285	6,778	5.57%	378	-	5.57%	-	-	5.57%	-	6,778	5.57%	378
15,906,434	4.20%	668,070	15,906,434	5.57%	885,988	-	5.57%	-	-	5.57%	-	15,906,434	5.57%	885,988
166,765,330		**7,004,144**	**166,765,330**		**9,288,829**	**-**		**-**	**-**		**-**	**166,765,330**		**9,288,829**

Sub-total			Changes in tax rate			Increases for the year			Increases/uses to equity			Total deferred taxes liabilities		
Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax	Taxable amount	Tax rate	Tax
152,658,217	4.20%	6,411,645	152,658,217	5.57%	8,503,063	53,260,789	5.57%	2,966,626	(4,996,306)	5.57%	(278,294)	200,922,700	5.57%	11,191,394
104,773,616	4.20%	4,400,492	104,773,616	5.57%	5,835,890	4,000,000	5.57%	222,800	-	5.57%	-	108,773,616	5.57%	6,058,690
-	4.20%	-	-	5.57%	-	-	5.57%	-	-	5.57%	-	-	5.57%	-
6,087,924	4.20%	255,693	6,087,924	5.57%	339,097	-	5.57%	-	-	5.57%	-	6,087,924	5.57%	339,097
113,986,663	4.20%	4,787,440	113,986,663	5.57%	6,349,057	901,756	5.57%	50,228	-	5.57%	-	114,888,419	5.57%	6,399,285
1,083,992	4.20%	45,528	1,083,992	5.57%	60,378	76,456	5.57%	4,259	-	5.57%	-	1,160,448	5.57%	64,637
378,422,625		**15,893,750**	**378,422,625**		**21,078,140**	**58,239,001**		**3,243,912**	**(4,996,306)**		**(278,294)**	**431,665,320**		**24,043,758**

34) Result of the year

Net result of the year was negative for 73,487 thousand euro (positive for 8,258 thousand euro at December 31, 2014).

Note on related party transactions

35) Note on related party transactions

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

Relationships with parent companies and their subsidiaries

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

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

On June 13, 2014, the Shareholders’ Meeting modified the company’s governance system, passing from the original two-tier system, adopted in 2007, to a “traditional” system of management and control with the appointment of the Board of Directors.

In December 2014, the Municipalities of Milan and Brescia sold a total shareholding of 0.51% of A2A S.p.A., while in the first two months of 2015, the Municipalities of Milan and Brescia sold an additional shareholding of 4.5% of A2A S.p.A.. At the date of approval of these separate financial statements, the two shareholders held a shareholding of 50% plus two shares that enables the two municipalities to maintain control over the company.

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

Similarly, the A2A Group companies entertain commercial relationships with the companies controlled by the Municipalities of Milan and Brescia, for example, Metropolitana Milanese

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

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

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

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

Relationships with subsidiaries and affiliates

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

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

For the financial year 2015, A2A S.p.A. and its subsidiaries have adopted the VAT procedure of the Group.

Note that for IRES purposes, A2A S.p.A. files for tax on a consolidated basis, together with its main subsidiaries, in accordance with arts. 117-129 of DPR 917/86. To this end, with each of the subsidiaries joining, a special contract was drawn up to regulate the tax advantages/disadvantages transferred, with specific reference to the current entries. These contracts also govern the transfer of any excess of ROL as set forth by prevailing legislation.

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

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

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

Finally, it is noted that pursuant to the Consob communication issued on September 24, 2010, bearing the provisions regarding related party transactions in accordance with Consob Resolution no. 17221 of March 12, 2010, as amended, on November 11, 2010, the Group had approved the procedure for related party transactions which took effect on January 1, 2011, and which aims to ensure the transparency and substantial fairness of the related party transactions executed by A2A S.p.A. directly, or through subsidiaries, identified in accordance with the IAS 24 revised accounting standard. On June 22, 2015, the Board of Directors resolved, with the prior approval of the Risks Control Committee, the adaptation of the procedure to the traditional governance system.

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

Balance sheet *Thousands of euro*	**Total 12 31 2015**	**Of which with related parties**								
		Subsidiary companies	**Affiliates**	**Municipality of Milan**	**Subsidiaries Municipality of Milan**	**Municipality of Brescia**	**Subsidiaries Municipality of Brescia**	**Related parties individuals**	**Total related parties**	**% effect on the balance sheet item**
TOTAL ASSETS OF WHICH:	**7,152,604**	**5,045,684**	**61,086**	**11,192**	**3**	**2,889**	**142**	**-**	**5,120,996**	**71.6%**
Non current assets	*5,664,302*	*4,238,130*	*51,600*	*-*	*-*	*2,655*	*139*	*-*	*4,292,524*	*75.8%*
Shareholdings	3,890,927	3,839,327	51,600	-	-	-	-	-	3,890,927	100.0%
Other non current financial assets	405,362	398,803	-	-	-	2,655	139	-	401,597	99.1%
Current assets	*1,487,833*	*807,085*	*9,486*	*11,192*	*3*	*234*	*3*	*-*	*828,003*	*55.7%*
Trade receivables	146,948	129,648	3,099	11,192	3	234	3	-	144,179	98.1%
Othe current assets	104,704	78,457	-	-	-	-	-	-	78,457	74.9%
Current financial assets	605,367	598,980	6,387	-	-	-	-	-	605,367	100.0%
Non current assets held for sale	469	469	-	-	-	-	-	-	469	100.0%
TOTAL LIABILITIES OF WHICH:	**4,991,012**	**886,444**	**9,449**	**456**	**126**	**-**	**-**	**305**	**896,780**	**18.0%**
Non current liabilities	*3,271,471*	*33,351*	*-*	*-*	*-*	*-*	*-*	*-*	*33,351*	*1.0%*
Provisions for risks, charges and liabilities for landfills	144,313	33,351	-	-	-	-	-	-	33,351	23.1%
Current liabilities	*1,719,541*	*853,093*	*9,449*	*456*	*126*	*-*	*-*	*305*	*863,429*	*50.2%*
Trade payables	162,013	83,076	80	456	126	-	-	-	83,738	51.7%
Other current liabilities	115,139	38,206	8,438	-	-	-	-	305	46,949	40.8%
Current financial liabilities	1,400,513	731,811	931	-	-	-	-	-	732,742	52.3%

Income statement *Thousands of euro*	Total 12 31 2015	Of which with related parties								
		Subsidiary companies	Affiliates	Municipality of Milan	Subsidiaries Municipality of Milan	Municipality of Brescia	Subsidiaries Municipality of Brescia	Related parties individuals	Total related parties	% effect on the balance sheet item
REVENUES	**494,009**	**426,924**	**1,387**	**38,398**	**-**	**231**	**14**	**-**	**466,954**	**94.5%**
Revenues from the sale of goods and services	465,964	419,604	1,387	38,398	-	231	14	-	459,634	98.6%
Other operating income	28,045	7,320	-	-	-	-	-	-	7,320	26.1%
OPERATING EXPENSES	**290,868**	**133,805**	**309**	**-**	**493**	**-**	**-**	**240**	**134,847**	**46.4%**
Expenses for raw materials and services	221,374	126,153	309	-	493	-	-	240	127,195	57.5%
Other operating expenses	69,494	7,652	-	-	-	-	-	-	7,652	11.0%
LABOUR COSTS	**119,733**	**-**	**-**	**-**	**-**	**-**	**-**	**2,462**	**2,462**	**2.1%**
FINANCIAL BALANCE	**(71,807)**	**50,239**	**(5,535)**	**-**	**-**	**3,200**	**-**	**-**	**47,904**	**n.s.**
Financial income	299,498	269,255	1,466	-	-	3,200	-	-	273,921	91.5%
Financial expenses	371,305	219,016	7,001	-	-	-	-	-	226,017	60.9%

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

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

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

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

Guarantees and commitments with third parties

Thousands of euro	2015	2014
Guarantees received	81,725	83,777
Guarantees given	169,358	195,601

Guarantees received

Guarantees received amounted to 81,725 thousand euro (83,777 thousand euro at December 31, 2014) and include 75,115 million euro for sureties and security deposits issued by subcontractors to guarantee the proper execution of the work assigned and 6,610 thousand 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 169,358 thousand euro (195,601 thousand euro at December 31, 2014), of which for obligations undertaken in the loan agreements of 133,830 thousand euro. Said guarantees include bank sureties for 37,103 thousand euro, insurance for 13,152 thousand euro and parent company guarantees related to associated companies for 119,103 thousand euro.

Other information

1) Significant events after December 31, 2015

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

2) Information on treasury shares

At December 31, 2015, A2A S.p.A. held 26,917,609 treasury shares (unchanged from the previous year), representing 0.859% of share capital which consists of 3,132,905,277 shares. At the date of these financial statements, no treasury shares were held through subsidiaries, finance companies or nominees.

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

"Non-current assets held for sale" at December 31, 2015, show a balance of 649 thousand euro and refer to the reclassification of the investment in SEASM S.r.l., held 67% by A2A S.p.A., since this is a discontinued operation in accordance with IFRS 5 as a result of management's decision to divest it, as more fully described in note no. 12 "Non-current assets held for sale".

4) Financial risk management

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

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

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

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

a. Commodity risk

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

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

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

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

a.2) Commodity derivatives, analysis of transactions

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

a.3) Energy derivatives, assessment of risks

VaR (Value at Risk) (2) is used to assess the impact that fluctuations in the market price of the underlying have on the financial derivatives taken out by A2A S.p.A. that are attributable to the industrial portfolio. PaR[1] or Profit at Risk, is the change in the value of a financial instruments portfolio within set probability assumptions as the result of a shift in the market indices. The PaR is calculated using the Montecarlo Method (at least 10,000 trials) and a 99% confidence level. It simulates scenarios for each relevant price driver depending on the volatility and correlations associated with each one, using as the central level the forward market curves at the balance sheet date, if available. By means of this method, after having obtained a distribution of probability associated with changes in the result of outstanding financial contracts, it is possible to extrapolate the maximum change expected over a time horizon given by the accounting period at a set level of probability. Based on this methodology, the current accounting period, and in the event of extreme market changes, with a 99% confidence level, the expected maximum loss on financial derivatives outstanding at December 31, 2015, is zero (zero loss at December 31, 2014).

This means that A2A S.p.A. expects, with 99% probability, not to undergo changes on the fair value of its financial instrument portfolio at December 31, 2015, due to adverse commodity price fluctuations.

b. Interest rate risk

The volatility of financial expenses associated to the performance of interest rates is 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.

Bank borrowings and other financing may be analyzed as follows at December 31, 2015:

Millions of euro	December 31, 2015			December 31, 2014		
	Without derivatives	With derivatives	% with derivatives	Without derivatives	With derivatives	% with derivatives
Fixed rate	3,003	3,155	87%	2,988	3,360	86%
Floating rate	639	487	13%	897	525	14%
Total	**3,642**	**3,642**	**100%**	**3,885**	**3,885**	**100%**

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

The derivatives refer to the following loans:

Loan	Derivative	Accounting
A2A S.p.A. loan with BEI: expiring in November 2023, residual balance at December 31, 2015 amounting to 152.4 million euro, at floating rate interest.	Collar to fully cover the loan and the same maturity, with a floor on Euribor rate 2.99% and 4.65% cap. At December 31, 2015, the fair value was negative for 17.2 million euro.	Il finanziamento è valutato a costo ammortizzato. Il *collar* è in *cash flow hedge* con imputazione al 100% in apposita riserva del Patrimonio netto.
A2A S.p.A. bond with a nominal value of 503.4 million euro, maturing in 2016 bearing fixed interest at 4.5%.	IRS ("Fix to Float") on the entire nominal amount with same duration as the loan. At December 31, 2015, the fair value was positive for 16.2 million euro.	Fair value hedge The fair value hedge valuation is equal to the amortized cost of financial liabilities increased by accrued interest. The amortized cost includes the portion of competence of the discount and issue costs. This value includes the fair value of the derivative. In the income statement, the change in the fair value of the financial liability is offset by the change in the fair value of the derivative, as the risk hedge is 100% effective.
	Collar on 3.4 million euro with the same duration of the loan, with floor on Euribor rate 2.25% and 4.50% cap. At December 31, 2015, the fair value was negative for 0.1 million euro.	The collar is measured at fair value through the Income Statement.
	Collar on 350 million euro maturing November 2016, with floor on Euribor rate 1.54% and 3.25% cap. At December 31, 2015, the fair value was negative for 5.6 million euro.	The collar is measured at fair value through the Income Statement.
	Collar on 150 million euro maturing November 2016, with floor on Euribor rate 1.20% and double cap 2.80% and 5%. At December 31, 2015, the fair value was negative for 1.9 million euro.	The collar is measured at fair value through the Income Statement.

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

The following are the results of the simulation with the related maximum variances: (worst case and best case scenarios) for 2016 together with a comparison with 2015:

Millions of euro	Year 2016 (*base case*: -117.6)		Year 2015 (*base case*: -132.4)	
	Worst case	*Best case*	*Worst case*	*Best case*
Change in expected cash flows (including hedge flows) Confidence level 99%	(0.3)	0.3	(0.3)	0.2

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

Millions of euro	12 31 2015 (*base case*: -8.5)		12 31 2014 (*base case*: -4.1)	
	-50 bps	+50 bps	-50 bps	+50 bps
Change in fair value of derivatives	(3.3)	3.0	(9.6)	8.1
(of which cash flow hedges)	(3.3)	3.0	(4.2)	3.9
(of which fair value hedges)	1.4	(1.4)	4.0	(3.9)

This sensitivity analysis is calculated to determine the effect of the change of the forward interest rate curve of the fair value of derivatives ignoring any impact of the adjustment due to counterparty risk – “Bilateral Credit Value Adjustment” (bCVA) – introduced in the calculation of fair value in accordance with international accounting standard IFRS13.

c. Exchange rate risk not related to commodities

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

At December 31, 2015, the fair value of the hedge was negative for 10.1 million euro. This fair value would improve by 18.2 million euro in the event of a 10% decline in the euro/yen exchange rate (appreciation of the yen) and would fall by 14.9 million euro in the event of a 10% rise in the euro/yen exchange rate (depreciation of the yen).

In this case too, the sensitivity analysis was performed with the aim of calculating the effect of changes in the forward curve of the euro/yen exchange rate on the fair value ignoring any impact on the adjustment due to the bCVA.

d. Liquidity risk

To monitor this risk, the Company ensures the maintenance of adequate financial resources, as well as a liquidity buffer sufficient to meet unexpected commitments. At December 31, 2015, the Company contracted revolving committed credit lines for 800 million euro, unused. It also has unused long-term financing for a total of 120 million euro and cash and cash equivalents totalling 587 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 and by programming an appropriate distribution of maturities aimed at mitigating the risk of refinancing.

The following table analyses the worst case for financial liabilities (including trade payables) in which all of the flows shown are undiscounted future nominal cash flows determined on the basis of residual contractual maturities for both principal and interest; they also include the undiscounted nominal flows of derivative contracts on interest rates.

Loans are generally included on the basis of their contractual maturity for repayment, whereas revocable loans have been considered redeemable at sight.

Year 2015 *Millions of euro*	**1-3 months**	**4-12 months**	**After 12 months**
Bonds	48	566	3,004
Payables and other financial liabilities	50	54	601
Total financial flows	**98**	**620**	**3,605**
Trade payables	40	1	-
Total trade payables	**40**	**1**	**-**

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

e. Credit risk

Credit risk relates to the possibility that a counterparty may be in default, or fail to respect its commitment in the manner and timing provided by contract. This type of risk is managed by the Group through specific procedures (Credit Policy, Energy Risk Management procedure) and appropriate mitigation actions.

This risk is overseen by both the Credit Management function allocated centrally (and the corresponding functions of the operating companies) and the Group Risk Management Organizational Unit responsible for supporting the Group companies. Risk mitigation is through the prior assessment of the creditworthiness of the counterparty and the constant verification of compliance with exposure limit as well as through the request for adequate guarantees.

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

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

For the aging of trade receivables, reference is made to note 7) Trade receivables.

f. Equity risk

A2A S.p.A. was not exposed to equity risk at December 31, 2015.

At December 31, 2015, A2A S.p.A. held 26,917,609 treasury shares, representing 0.859% of the share capital consisting of 3,132,905,277 shares.

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

g. Covenants compliance risk

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

Thousands of euro	Accounting balance 12 31 2015	Portions maturing within 12 months	Portions maturing after 12 months	Portion maturing by				
				12 31 2017	12 31 2018	12 31 2019	12 31 2020	After
Bonds	3,002,539	571,586	2,430,953	-	-	746,139	-	1,684,814
Bank loans	639,161	96,184	542,977	48,366	46,324	51,504	57,681	339,102
TOTAL	**3,641,700**	**667,770**	**2,973,930**	**48,366**	**46,324**	**797,643**	**57,681**	**2,023,916**

At December 31, 2015, A2A S.p.A. had bonds for a total book value of 3,002 million euro.

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

The bonds issued by A2A S.p.A. as part of the EMTN Programme (amounting in total to 2,350 million euro at December 31, 2015) contain a change of control put clause in favour of investors for any changes in control of the Company 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 (book value of 100 million euro) falling due in 2036 contains a put right clause in favour of the investor, which triggers if the rating falls below BBB- or equivalent level (sub-investment grade).

The loan agreements entered into with the European Investment Bank (book value of 603 million euro) contain a credit rating clause guarding against a rating of below BBB- or equivalent level (sub-investment grade). In the event of a change in control of A2A S.p.A., the loan agreements entered into with the European Investment Bank falling due after 2024 for a total of 449 million euro at December 31, 2015, grant the bank the right to invoke early repayment of the loan on providing notice to the Company containing an explanation of the underlying reasons.

The agreement entered into by A2A S.p.A. with UniCredit S.p.A., brokered by the EIB, for a value of 18 million euro falling due in June 2018 contains a credit-rating clause that provides for a commitment by the Company to maintain an investment grade rating for the whole loan term. In the event of non-compliance there are a number of annual financial 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, and bilateral revolving committed credit lines for a total of 200 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 consolidated financial covenant NFP/EBITDA not exceeding 4.4x in 2015. The parameter level at December 31 is 2.8x.

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

At December 31, there was no situation of non-compliance with the covenants of A2A S.p.A..

Analysis of forward transactions and derivatives

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

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

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

The use of derivatives in the A2A Group is governed by a coordinated set of procedures (Energy Risk Policy, Deal Life Cycle) which are based on industry best practices and designed to limit the risk of the Group being exposed to commodity price fluctuations, based on a cash flow hedging strategy.

Outstanding derivatives at December 31, 2015, are measured at fair value based on the forward market curve at the balance sheet date if the underlying of the derivative is traded on markets that have a forward pricing structure. In the absence of a forward market curve, fair value is measured on the basis of internal estimates using models that refer to industry best practices.

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

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

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

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

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

Instruments outstanding at December 31, 2015

A) On interest and exchange rates

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

Thousands of euro	Notional value (a) due within 1 year		Notional value (a) due within 1 and 5 years		Notional value (a) due over 5 years	Amount reported in balance sheet(b)	Progressive effect to the income statement at 12 31 2015 (c)
	to be received	to be paid	to be received	to be paid			
Interest rate risk management							
- cash flow hedges as per IAS 39		19,048		76,190	57,143	(17,157)	
- not considered hedges as per IAS 39		503,412 (d)				8,622 (e)	8,622 (e)
Total derivatives on interest rates	**-**	**522,460**	**-**	**76,190**	**57,143**	**(8,535)**	**8,622**
Exchange rate risk management							
- considered hedges as per IAS 39 on commercial transactions on financial transactions					98,000	(10,051)	
- not considered hedges as per IAS 39 on commercial transactions on financial transactions							
Total exchange rate derivatives	**-**	**-**	**-**	**-**	**98,000**	**(10,051)**	**-**

(a) Represents the sum of the notional value of the elementary contracts that derive from any dismantling of complex contracts.
(b) Represents the net receivable (+) or payable (-) recognized in the balance sheet following the measurement of derivatives at fair value.
(c) Represents the adjustment of derivatives to fair value recognized progressively over time in the income statement from the stipulation of the contract to the present day.
(d) Includes derivative instruments with underlying bond worth 503 million euro, maturing in 2016, and an IRS with notional value of 503 million euro, with no economic effect, as a result of the fair value measurement, hedges and three collars with a notional value of 503 million euro, not qualifying as hedges under IAS 39.
(e) Includes the effect on collars, with a total notional amount of 503 million euro, not considered as hedges according to IAS 39.

B) On commodities

At December 31, 2015, there were no outstanding commodity derivatives.

C) On investments

At December 31, 2015, there are no derivatives on investments, while at December 31, 2014, a derivative was recognized in the separate financial statements related to the option agreement between A2A S.p.A. and Società Elettrica Altoatesina S.p.A. (SEL) concerning a portion of the shares of Edipower S.p.A. for 13,732 thousand euro. This derivative was cancelled during the year under review following the signing 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 non-proportional demerger of Edipower S.p.A., the objective of which is the overall reorganization of the ownership structure of the Company so that following the operation, A2A S.p.A. shall hold 100% of Edipower S.p.A..

Financial and operating results for derivative transactions in 2015

The following table shows the balance sheet figures at December 31, 2015, for derivative transactions.

Balance sheet figures

Thousands of euro	Notes	Total
ASSETS		
NON-CURRENT ASSETS		**-**
Other non-current assets - Derivatives	5	-
CURRENT ASSETS		**16,096**
Other current assets - Derivatives	8	16,096
TOTAL ASSETS		**16,096**
LIABILITIES		
NON-CURRENT LIABILITIES		**27,208**
Other non-current liabilities - Derivatives	20	27,208
CURRENT LIABILITIES		**7,474**
Trade payables and other current liabilities - Derivatives	21	7,474
TOTAL LIABILITIES		**34,682**

Economic data

The following table sets out the income statement figures at December 31, 2015 arising from the management of derivatives.

Thousands of euro **32) FINANCIAL BALANCE**	**Realized**	**Change in the fair value during the year**	**Amounts recognized in the income statement**
Interest rate and equity risk management of which:			
FINANCIAL INCOME			
Gains on derivatives			
- considered hedges as per IAS 39	-	-	-
- not considered hedges as per IAS 39	8,950	14,600	23,550
Total gains on derivatives	**8,950**	**14,600**	**23,550**
FINANCIAL EXPENSES			
Charges on derivatives			
- considered hedges as per IAS 39	(4,836)	-	(4,836)
- not considered hedges as per IAS 39	(5,233)	4,895	(338)
Total charges on derivatives	**(10,069)**	**4,895**	**(5,174)**
TOTAL BOOKED TO FINANCIAL BALANCE	**(1,119)**	**19,495**	**18,376**

Classes of financial instruments

To complete the analyses required by IFRS 7 and IFRS 13, the following table sets out the various types of financial instrument that are to be found in the various balance sheet items, with an indication of the accounting policies used and, in the case of financial instruments measured at fair value, an indication of where changes are recognized (income statement or equity). The last column of the table shows the fair value of the instrument at December 31, 2015, where applicable.

Thousands of euro

Criteria to measure the reported amount of financial instruments

	Notes	Financial instruments measured at fair value with changes recognized in:			Financial instruments measured at amortized cost	Share-holding / Holdings securities convertible into unlisted shareholdings measured at cost	Amount as stated in the balance sheet at 12 31 2015	Fair value at 12 31 2015 (*)
		Income statement	Equity					
		(1)	(2)	(3)	(4)	(5)		
ASSETS								
Other non-current financial assets:								
Shareholdings / Securities convertible into shareholdings available for sale of which:								
- unlisted				3,808			3,808	n.a.
- listed							-	-
Financial assets held to maturity					96		96	96
Other non-current financial assets					401,458		401,458	401,458
Total other non-current financial assets	3						**405,362**	
Other non-current assets	5				453		453	453
Trade receivables	7				146,948		146,948	146,948
Other current assets	8	16,096			88,608		104,704	104,704
Current financial assets	9				605,367		605,367	605,367
Cash and cash equivalents	11				587,050		587,050	587,050
Assets held for sale	12				469		469	469
LIABILITIES								
Financial liabilities								
Non-current bonds (**)	17				2,430,953		2,430,953	2,430,953
Current bonds (**)	22	522,387 (a)			49,199		571,586	571,586
Other non-current and current financial liabilities	17 and 22				1,371,904		1,371,904	1,371,904
Other non-current liabilities	20		27,208		23		27,231	27,231
Trade payables	21				162,013		162,013	162,013
Other current liabilities	21	7,474			107,665		115,139	115,139

(*) The fair value has not been calculated for receivables and payables not related to derivative contracts and loans as the corresponding carrying amount is a good approximation to this.
(**) Including accrued interest.
(a) Amortized cost + fair value risk hedge, as further specified in note 22) Current financial liabilities.
(1) Financial assets and liabilities measured at fair value with the changes in fair value recognized in the Income statement.
(2) Cash flow hedges.
(3) Financial assets available for sale measured at fair value with profit/loss recognized in equity.
(4) Loans and receivables and financial liabilities measured at amortized cost.
(5) Available-for-sale financial assets, including unlisted shareholdings whose fair value cannot be measured reliably, are carried at the lower of costs, which may be reduced due to impairment.

Fair Value hierarchy

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

In particular, IFRS 7 and IFRS 13 set out three levels of fair value:

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

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

Thousands of euro	Note	Level 1	Level 2	Level 3	Total
Assets available for sale measured at fair value	3		3,808		3,808
Other current assets	8		16,096		16,096
TOTAL ASSETS		-	19,904	-	19,904
Other non-current liabilities	20		27,208		27,208
Current financial liabilities	22		522,387 (a)		522,387
Other current liabilities	21		7,474		7,474
TOTAL LIABILITIES		-	557,069	-	557,069

(a) Amortized cost + fair value risk hedge, as further specified in note 22) Current financial liabilities.

5) Concessions

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

	Number	Maturity		Notes
		from	to	
Hydroelectric concessions	20	2016	2043	of which: - 7 Concessions past due managed in prorogation.
Urban illumination and traffic lights management agreements	7	2024	2029	of which: - 2 Concessions managed in tacit renewal. - 2 Concessions with maturity consistent with the duration of A2A S.p.A..
Other concessions	3	2020	2039	

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

Adequate provisions are provided where necessary for the disputes and litigation described below. It is noted that if there is no explicit reference to the presence of a provision, the Company assessed the corresponding risk as possible without appropriating provisions in the financial statements.

EC infringement procedure

With regard to the EC infringement procedure, it is noted that the Company has already proceeded, as described below, to the payment of all amounts due. Any developments in the dispute could therefore only result in a benefit.

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 for 289.3 million euro 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. The date of the hearing for discussion was set for March 18, 2016.

Consult 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, Consult 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 Consult Latina was unjustified, and accordingly did not pay the fee due to Consult 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 Consult Latina's favor; legal counsel has advised that the legal counsel of Redengas has announced that it will file a counter suit against A2A S.p.A. and Consult 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 Consult Latina to remove the sequestration ordered by the judge at the request of Consult 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 Consult Latina, the parties are continuing to pursue settlement options without formal pleadings being carried out.

The Company has set aside a risk provision of 1.3 million euro.

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-fulfilment, 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 civil code, plus interest, pursuant to article 1283 of the civil code, and monetary revaluation, pursuant to article 1284 of the 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 identified by S.F.C. S.A. and Eurosviluppo Industriale S.p.A.).

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

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

In view of the intervening bankruptcy of Eurosviluppo Industriale and the process issues raised during such declaration, the Board issued a decision dated November 13, 2012 ordering that the hearing set for November 20, 2012 should not be devoted to an attempt at reaching a settlement and, therefore, would not include the presence of the parties.At the hearing on

November 20, 2012, the Board set the deadline for filing the award as July 4, 2013; also, the deadlines for the parties to file briefs were set as December 20, 2012 and January 31, 2013, and February 20, 2013 was set for the hearing date for discussion, to be held at the office of the Chairman of the Board. At the hearing of February 22, 2013 (the hearing was adjourned from February 20 to February 22 due to a commitment of the Chairman of the Arbitration Board), the Board issued an order requesting A2A S.p.A. and E.ON Europa S.L. to add to their respective attorneys to remedy all possible defects by March 20, 2013, and set March 20, 2013 and April 5, 2013 as the new final dates for the filing of briefs and replies to clarify and explain their respective positions. Subsequent to these obligations, the Board reserved the right to issue an order. On June 5, 2013, the Board filed an order in which it set July 22, 2013 as the date of the hearing for an attempt to reach a settlement and for questioning by the parties; given the deadline of July 4, 2013 previously set for the filing of the decision, the Board made an application to the Chamber for the granting of a reasonable extension.

At the end of the hearing of July 22, 2013, in which the questioning by the parties took place and the absence of the conditions for reaching a settlement was confirmed, the Chamber set a deadline of September 30, 2013 for filing documents and drawing up preliminary motions and October 21, 2013 for any submissions in reply from the lawyers. On October 2, 2013 the Chamber of Arbitration noted that S.F.C. S.A. and the bankruptcies had not paid the contributions requested in July and as of today the proceeding is suspended. On October 22, 2013, S.F.C. S.A., in breach of the terms of the arbitration and the 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. 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, then postponed to March 2, 2016. On March 1, 2016, the Arbitration Chamber notified the filing of the award signed by the arbitrators on February 29, 2016. The award was approved unanimously and, after rejecting the issue of constitutionality raised by SFC and Eurosviluppo Industriale and the preliminary exceptions carried out by the Bankruptcy Eurosviluppo Industriale, ascertained the non-fulfilment of SFC and Eurosviluppo Industriale of the obligations of private agreements signed with A2A and EON, declared that EON and A2A are not required to pay the third instalment of the price established for the purchase of Ergosud shares (for 10 million euro) and ordered SFC and Eurosviluppo Industriale to pay jointly the total compensation for damages to A2A and EON of 8.1 million euro plus legal interest, rejects or declares absorbed any other issue and declares fully settled between the parties the costs of arbitration.

The Company has not allocated any provisions as it does not deem as probable the risk related to this pending lawsuit.

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

On May 27, 2011, Consorzio Eurosviluppo 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.

The Company has not allocated any provisions as it does not deem as probable the risk related to this pending lawsuit.

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 (others) 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. To date, the GSE, as it blocked the issuing of licenses for subsequent years, did not address return requests for previous annuities of competence of the A2A Group (second half of 2009-full-year 2010). If the GSE were to take action against the A2A Group, it will evaluate the appropriate actions, including damages, considering also the amount withheld from third-party suppliers.

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.

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.

The proceeding passed, for local jurisdiction, before the Court of Gorizia. The debate has started.

The Company has not allocated any provisions as it considers to be the aggrieved party in the proceedings.

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 was on July 1, 2013. 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, 2013, January 21, 2014 and March 25, 2014. Consequently, the hearing set for March 2014 was postponed to April 10, 2014. The location for the arbitration was set as the offices of the President of the Arbitration Board in Milan. At the hearing of April 10, 2014, preceded by the submission of the parties' briefs, the Board set three new deadlines for the briefs (May 20 for A2A, 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 plaintiff 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. After the first hearing held on December 16, 2015, a hearing was scheduled for the final judgement on May 3, 2016.

Simultaneously, in July 2015, A2A filed an appeal for suspension 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. By order issued outside the hearing on November 19, 2015, the decree issued on July 10 was revoked. By decision 3378 of December 18, the Court of Milan granted the enforceability of the award requested by Pessina, immediately suspended the same day by order issued by the President of the First Section of the Court of Appeal at the request of A2A, scheduling a hearing on January 19, 2016. By order of January 26, 2016 notified on February 4, 2016, the Court of Appeals revoked the Presidential Decree of December 18, 2015 and rejected the request for suspension of the contested measure. On February 24, 2016, Pessina notified injunction and on March 7, 2016 notified garnishment (with a leading banking institution with which A2A opened a specifically dedicated bank account), with the simultaneous assumption by the garnishee of the obligations that the law imposes on the keeper. On March 23, 2016, the garnishment was registered and the hearing for the third-party statement was fixed by the Court of Brescia for May 23, 2016.

The Company has taken into account the outcome of the Award in the establishment of appropriations to provisions for future risks and charges, allocating the full amount of the Award plus expenses, despite the firm conviction of its positions.

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.

During the first hearing held on December 1, 2015, the prejudicial and preliminary exceptions were discussed (mainly, preclusion and admissibility of action and the lack of capacity to be sued of Tassara).

At the following hearing on January 26, 2016 for final judgement, solely to develop the aforementioned exceptions, the judge held the case to decision assigning to the parties the terms for the filing of final submissions and reply briefs.

The Company, having fulfilled the requirements of the regulations in force, does not consider likely the risk for which it has not allocated any provisions.

* * *

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. At December 31, 2015, no provision for risks is recorded as the Company has already adjusted the tax notices received during the year.

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

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

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

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

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

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

The outcomes of the 2002 and 2003 disputes were also favorable for the Company but the Tax Revenue Office filed an appeal against both sentences. The appeal for 2002 was discussed on November 30, 2010, and by way of a sentence lodged on February 2, 2011 the Milan Regional Tax Commission overturned the sentence of the first court, upholding the Tax Revenue Office's appeal on almost all counts with the exception of the hazardous waste category. The company filed an appeal with the Supreme Court for 2002. For 2003 the appeal made by the Tax Revenue Office was discussed on November 7, 2011 before the Regional Tax Commission which rejected it with a sentence filed on November 11, 2011. The Tax Revenue Office has not appealed to the Supreme Court for 2003, 2004 and 2005 and the sentence has become final, thereby closing the litigation. For 2001 and 2002, the hearing dates for discussion before the Supreme Court have not yet been set. The Company has set aside a risk provision for 1.6 million euro.

7) Contingent assets arising from environmental certificates

At December 31, 2015, A2A S.p.A. had no surplus of environmental certificates.

8) Auditors' fees

In accordance with Article 2427, paragraph 16-*bis*, of the Italian civil code, it is hereby reported that the Company paid the independent auditors total fees for the legally required auditing of the annual accounts and for other services provided during the year in the amount of 321.8 thousand euro, unchanged compared to the year 2014.

9) Registered office

The registered office of the Company is in Brescia in Via Lamarmora 230.

0.4

Attachments

1 - Statement of changes in tangible assets

Tangible assets *Thousands of euro*	Balance at 12 31 2014			Changes during the year			
	Gross value	Accumulated depreciation	Residual value	Acquisitions	Changes in category	Reclassifications Gross value	Reclassifications Accumulated depreciation
Land	34,805	(5,170)	29,635		39		
Buildings	540,290	(264,997)	275,293	704	1,177		
Plant and equipment	2,598,382	(1,651,154)	947,228	475	21,387		
Industrial and commercial equipment	21,923	(20,374)	1,549	161			
Other assets	31,634	(29,285)	2,349	362	160		
Under construction and advances	26,669		26,669	31,377	(22,763)		
Leasehold improvements	21,237	(1,178)	20,059	6,454			
Total tangible assets	**3,274,940**	**(1,972,158)**	**1,302,782**	**39,533**	**-**	**-**	**-**

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

Changes during the year						Balance at 12 31 2015		
Others changes	Disposals		Write-downs	Depreciation	Total changes for the year	Gross value	Accumulated depreciation	Residual value
	Gross value	Accumulated depreciation						
	(2)				37	34,842	(5,170)	29,672
	(1,362)	604	(284)	(12,804)	(11,965)	540,525	(277,197)	263,328
3,339	(1,228)	1,228	(3,716)	(58,758)	(37,273)	2,618,639	(1,708,684)	909,955
	(8)	8		(337)	(176)	22,076	(20,703)	1,373
	(441)	439		(585)	(65)	31,715	(29,431)	2,284
(37)					8,577	35,246	-	35,246
				(1,677)	4,777	27,691	(2,855)	24,836
3,302	**(3,041)**	**2,279**	**(4,000)**	**(74,161)**	**(36,088)**	**3,310,734**	**(2,044,040)**	**1,266,694**

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

2 - Statement of changes in intangible assets

Intangible assets
Thousands of euro

	Balance at 12 31 2014			Changes during the year			
	Gross value	Accumulated depreciation	Residual value	Acquisitions	Changes in category	Reclassifications Gross value	Reclassifications Accumulated depreciation
Industrial patents and intellectual property rights	81,285	(75,730)	5,555	1,940			
Concessions, licences, trademarks and similar rights	31,846	(22,136)	9,710	2,247	872		
Goodwill	38,435		38,435				
Assets in progress	473		473	1,722	(872)		
Other intangible assets	1,307	(1,123)	184				
Total intangible assets	**153,346**	**(98,989)**	**54,357**	**5,909**	**-**	**-**	**-**

Intangible assets
Thousands of euro

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

	Changes during the year						Balance at 12 31 2015		
	Others changes	Disposals/Sales		Write-downs	Amortization	Total changes for the year	Gross value	Accumulated depreciation	Residual value
		Gross value	Accumulated depreciation						
	(38)				(3,318)	(1,416)	83,187	(79,048)	4,139
	(4)				(3,296)	(181)	34,961	(25,432)	9,529
				(955)		(955)	37,480	-	37,480
						850	1,323	-	1,323
					(50)	(50)	1,307	(1,173)	134
	(42)	**-**	**-**	**(955)**	**(6,664)**	**(1,752)**	**158,258**	**(105,653)**	**52,605**

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

3/a - Statement of changes in investments in subsidiaries

Shareholdings *Thousands of euro*	**Balance at financial statements 12 31 2014**	**Changes in 2015**			
		Increases	**Decreases**	**Effect non-recurring Transactions**	
FINANCIAL ASSETS					
Subsidiaries:					
Edipower S.p.A.	854,552				
A2A Reti Gas S.p.A.	696,280				
A2A Reti Elettriche S.p.A.	668,333				
A2A Ambiente S.p.A.	634,894				
Elektroprivreda Cnre Gore AD Nikšić (EPCG)	376,017				
A2A Calore & Servizi S.r.l.	334,477				
A2A Ciclo Idrico S.p.A.	167,000				
Abruzzoenergia S.p.A.	98,971				
A2A Energia S.p.A.	98,743				
Retragas S.r.l.	30,105				
Aspem S.p.A.	26,508				
A2A Logistica S.p.A.	17,268				
Selene S.p.A.	9,222				
Assoenergia S.p.A. in liquidation	5,050		(4,788)		
Proaris S.r.l.	3,557				
Camuna Energia S.r.l.	1,467				
A2A Trading S.r.l.	1,099				
Ecofert S.r.l. in liquidation	802				
Plurigas S.p.A. in liquidation	560				
SEASM S.r.l.	469				
A2A Montenegro d.o.o.	102				
Mincio Trasmissione S.r.l.	10				
A3A S.r.l.	10				
Ostros Energia S.r.l. in liquidation	-				
Total subsidiaries	**4,025,496**	**-**	**(4,788)**	**-**	
Equity investments held for sale					
SEASM S.r.l.	-				

Changes in 2015		Balance at financial statements 12 31 2015	Share of equity		
Write-downs	Other changes		% shareholding	Equity at 12 31 2015	Pro rata amount
(117,000)		737,552	79.50%	955,951	759,981
		696,280	100.00%	709,542	709,542
		668,333	100.00%	734,564	734,564
		634,894	100.00%	585,051	585,051
(97,000)		279,017	41.75%	913,790	381,507
		334,477	100.00%	356,598	356,598
		167,000	100.00%	171,357	171,357
		98,971	100.00%	99,854	99,854
		98,743	100.00%	170,735	170,735
		30,105	87.27%	40,180	35,065
		26,508	90.00%	10,086	9,077
		17,268	100.00%	17,534	17,534
		9,222	100.00%	11,903	11,903
(10)	(252)	-	97.76%	-	-
		3,557	60.00%	6,087	3,652
		1,467	74.50%	1,083	807
	33,350	34,449	100.00%	86,701	86,701
		802	47.00%	1,706	802
		560	70.00%	18,434	12,904
	(469)	-	-	-	-
		102	100.00%	118	118
		10	100.00%	246	246
		10	100.00%	9	9
		-	80.00%	(4,279)	(3,423)
(214,010)	**32,629**	**3,839,327**		**4,887,250**	**4,144,584**
	469	469	67.00%	692	464

3/b - Statement of changes in investments in affiliates

Shareholdings *Thousands of euro*	**Balance at financial statements 12 31 2014**	**Changes in 2015**			
		Increases	**Decreases**	**Effect non-recurring Transactions**	
FINANCIAL ASSETS					
Affiliates:					
ACSM-AGAM S.p.A. (*)	31,600	2,451			
Rudnik Uglja Ad Pljevlja (*)	19,067				
Azienda Servizi Valtrompia S.p.A.	3,383				
Sviluppo Turistico Lago d'Iseo S.p.A. (*)	837				
SET S.p.A.	466				
Serio Energia S.r.l. (*)	400				
Ge.S.I. S.r.l.	380				
Visano Società Trattamento Reflui S.c.a.r.l. (*)	10				
Centrale Termoelettrica del Mincio S.r.l.	6				
Ergon Energia S.r.l. in liquidation (*)	-				
Ergosud S.p.A. (*)	-				
Total affiliates	**56,149**	**2,451**	**-**	**-**	

(*) Data of the financial statements at December 31, 2014.

Changes in 2015		Balance at financial statements 12 31 2015	Share of equity		
Write-downs	**Other changes**		**% shareholding**	**Equity at 12 31 2015**	**Pro rata amount**
		34,051	23.94%	130,110	31,148
(7,000)		12,067	39.49%	19,517	7,707
		3,383	48.77%	11,842	5,775
		837	24.29%	3,167	769
		466	49.00%	1,276	625
		400	40.00%	1,975	790
		380	44.50%	4,155	1,849
		10	40.00%	26	10
		6	45.00%	9	4
		-	50.00%	142	71
		-	50.00%	176,197	88,099
(7,000)	**-**	**51,600**		**348,416**	**136,847**

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

Company name *Thousands of euro*	**Shareholding %**	**Shareholder**	**Carrying amount at 12 31 2015**
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
Others:			
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.	
Consorzio DIX.IT in liquidation	14.28%	A2A S.p.A.	
Consorzio L.E.A.P.	10.53%	A2A S.p.A.	
Consorzio Milano Sistema in liquidation	10.00%	A2A S.p.A.	
Emittenti Titoli S.p.A.	1.85%	A2A S.p.A.	
E.M.I.T. S.r.l. in liquidation	10.00%	A2A S.p.A.	
INN.TEC. S.r.l.	11.45%	A2A S.p.A.	
Isfor 2000 S.c.p.A.	4.94%	A2A S.p.A.	
Stradivaria S.p.A.	n.s.	A2A S.p.A.	
Total other financial assets			**1,527**
Total available-for-sale financial assets			**3,808**

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

4/a - List of investments in subsidiaries

Company name *Thousands of euro*	**Registered office**	**Currency**	**Share capital at 12 31 2015**
Subsidiaries:			
Edipower S.p.A.	Milan	Euro	1,139,312
A2A Reti Gas S.p.A.	Brescia	Euro	445,000
A2A Reti Elettriche S.p.A.	Brescia	Euro	520,000
A2A Ambiente S.p.A.	Brescia	Euro	220,000
Elektroprivreda Cnre Gore AD Nikšić (EPCG)	Nikšić (Montenegro)	Euro	907,108
A2A Calore & Servizi S.r.l.	Brescia	Euro	150,000
A2A Ciclo Idrico S.p.A.	Brescia	Euro	70,000
Abruzzoenergia S.p.A.	Gissi (CH)	Euro	130,000
A2A Energia S.p.A.	Milan	Euro	2,000
Retragas S.r.l.	Brescia	Euro	34,495
Aspem S.p.A.	Varese	Euro	174
A2A Logistica S.p.A.	Brescia	Euro	250
Selene S.p.A.	Brescia	Euro	3,000
Proaris S.r.l.	Milan	Euro	1,875
Camuna Energia S.r.l.	Cedegolo (BS)	Euro	900
A2A Trading S.r.l.	Milan	Euro	1,000
Ecofert S.r.l. in liquidation	S.Gervasio Bresciano (BS)	Euro	100
Plurigas S.p.A. in liquidation	Milan	Euro	800
A2A Montenegro d.o.o.	Podgorica (Montenegro)	Euro	100
Mincio Trasmissione S.r.l.	Brescia	Euro	10
A3A S.r.l.	Brescia	Euro	10
Ostros Energia S.r.l. in liquidation	Brescia	Euro	350
Equity investments held for sale			
SEASM S.r.l.	Brescia	Euro	700

Equity at 12 31 2015	Result at 12 31 2015	% held	Pro rata amount (a)	Balance at financial statements (b)	Delta (a-b)
955,951	(101,234)	79.50%	759,981	737,552	22,429
709,542	48,971	100.00%	709,542	696,280	13,262
734,564	42,950	100.00%	734,564	668,333	66,231
585,051	83,242	100.00%	585,051	634,894	(49,843)
914,191	21,874	41.75%	381,675	279,017	102,658
356,598	25,030	100.00%	356,598	334,477	22,121
171,357	7,781	100.00%	171,357	167,000	4,357
99,854	(6,710)	100.00%	99,854	98,971	883
170,735	54,659	100.00%	170,735	98,743	71,992
40,180	1,486	87.27%	35,065	30,105	4,960
10,086	2,993	90.00%	9,077	26,508	(17,431)
17,534	125	100.00%	17,534	17,268	266
11,903	1,837	100.00%	11,903	9,222	2,681
6,087	205	60.00%	3,652	3,557	95
1,083	26	74.50%	807	1,467	(660)
86,701	88,727	100.00%	86,701	34,449	52,252
1,706	-	47.00%	802	802	-
18,434	869	70.00%	12,904	560	12,344
118	10	100.00%	118	102	16
246	51	100.00%	246	10	236
9	-	100.00%	9	10	(1)
(4,279)	(24)	80.00%	(3,423)	-	(3,423)
692	11	67.00%	464	-	464

4/b - List of investments in affiliates

Company name *Thousands of euro*	**Registered office**	**Currency**	**Share capital at 12 31 2015**
ACSM-AGAM S.p.A. (*)	Monza	Euro	76,619
Rudnik Uglja Ad Pljevlja (*)	Pljevlja (Montenegro)	Euro	21,493
Azienda Servizi Valtrompia S.p.A.	Gardone Val Trompia (BS)	Euro	6,000
Sviluppo Turistico Lago d'Iseo S.p.A. (*)	Iseo (BS)	Euro	1,616
SET S.p.A. (*)	Toscolano Maderno (BS)	Euro	104
Serio Energia S.r.l. (*)	Concordia sulla Secchia (MO)	Euro	1,000
Ge.S.I. S.r.l.	Brescia	Euro	1,000
Visano Società Trattamento Reflui S.c.a.r.l. (*)	Brescia	Euro	25
Centrale Termoelettrica del Mincio S.r.l.	Ponti sul Mincio (MN)	Euro	11
Ergon Energia S.r.l. in liquidation (*)	Milan	Euro	600
Ergosud S.p.A. (*)	Rome	Euro	81,448

(*) Data of the financial statements at December 31, 2014.

	Equity at 12 31 2015	Result at 12 31 2015	% held	Pro rata amount (a)	Balance at financial statements (b)	Delta (a-b)
	130,110	6,630	23.94%	31,148	34,051	(2,903)
	19,517	(19,840)	39.49%	7,707	12,067	(4,360)
	11,842	2,189	48.77%	5,775	3,383	2,392
	3,167	(16)	24.29%	769	837	(68)
	1,276	570	49.00%	625	466	159
	1,975	627	40.00%	790	400	390
	4,155	288	44.50%	1,849	380	1,469
	26	-	40.00%	10	10	-
	9	2	45.00%	4	6	(2)
	142	178	50.00%	71	-	71
	176,197	6,065	50.00%	88,099	-	88,099

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

(pursuant to article 2429.4 of the Italian Civil Code)

SUBSIDIARIES	A2A TRADING S.r.l.		SELENE S.p.A.		RETRAGAS S.r.l.	
Share capital:	Euro	1,000,000	Euro	3,000,000	Euro	34,494,650
% held:	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	A2A S.p.A. A2A Reti Gas S.p.A.	87.27% 4.33%
Description - *Thousands of euro*	**12 31 15**	**12 31 14**	**12 31 15**	**12 31 14**	**12 31 15**	**12 31 14**
Revenues	2,475,129	2,583,802	22,706	24,346	7,787	8,657
Gross operating income	142,184	(153,938)	5,174	4,452	4,469	5,780
Net operating income	141,172	(154,840)	2,970	3,100	2,349	3,682
Profit before tax	135,190	(165,888)	2,845	2,894	2,356	3,718
Result of the year	88,727	(118,509)	1,837	2,004	1,486	2,193
Assets	840,490	983,927	23,177	30,968	44,187	44,421
Liabilities	753,789	1,093,474	11,274	21,024	4,007	3,648
Equity	86,701	(109,547)	11,903	9,944	40,180	40,773
Net financial position	(26,122)	(147,418)	(639)	(8,574)	8,406	9,357

AFFILIATES	ERGON ENERGIA S.r.l. in liquidation		GE.S.I. S.r.l.		AZIENDA SERVIZI VALTROMPIA S.p.A.	
Share capital:	Euro	600,000	Euro	1,000,000	Euro	6,000,000
% held:	A2A S.p.A.	50.00%	A2A S.p.A.	44.50%	A2A S.p.A.	48.77%
Description - *Thousands of euro*	**12 31 14 (*)**	**12 31 13**	**12 31 15**	**12 31 14**	**12 31 15**	**12 31 14**
Revenues	547	-	5,087	4,665	15,850	14,639
Gross operating income	234	(107)	688	514	4,810	2,221
Net operating income	280	143	339	245	3,350	1,399
Profit before tax	205	(153)	366	237	3,250	1,375
Profit/Loss for the year	178	(153)	288	116	2,189	916
Assets	8,146	14,408	6,673	5,659	28,602	29,879
Liabilities	8,004	14,445	2,518	1,738	16,760	20,247
Equity	142	(37)	4,155	3,921	11,842	9,632
Net financial position	(1,837)	(7,666)	931	353	(7,525)	1,394

(*) Last approved financial statements available.

	ABRUZZOENERGIA S.p.A.		EPCG		EDIPOWER S.p.A.		A2A AMBIENTE S.p.A.	
	Euro	130,000,000	Euro	907,107,720	Euro	1,139,311,954	Euro	220,000,000
	A2A S.p.A.	100.00%	A2A S.p.A.	41.75%	A2A S.p.A.	79.50%	A2A S.p.A.	100.00%
	12 31 15	12 31 14	12 31 15	12 31 14	12 31 15	12 31 14	12 31 15	12 31 14
	34,512	37,735	241,806	239,619	519,271	609,152	382,849	402,515
	19,491	16,838	52,618	65,940	174,229	200,164	133,730	154,624
	(1,309)	5,246	18,899	27,850	(101,414)	24,653	96,998	78,493
	(6,861)	(554)	24,588	34,085	(110,403)	1,199	115,407	142,215
	(6,710)	(3,310)	21,874	31,085	(101,234)	(55,769)	83,242	110,705
	278,911	288,512	1,154,218	1,130,270	1,770,782	1,831,555	933,300	985,063
	179,057	181,969	240,027	203,228	814,831	778,186	348,249	378,567
	99,854	106,543	914,191	927,042	955,951	1,053,369	585,051	606,496
	(160,620)	(172,623)	147,408	105,679	(219,435)	(350,014)	343,365	315,029

	METAMER S.r.l.	
	Euro	650,000
	A2A Energia S.p.A.	50.00%
	12 31 15	12 31 14
	24,212	24,522
	1,387	1,340
	999	1,015
	1,119	1,176
	713	657
	11,151	11,128
	8,122	8,122
	3,119	3,006
	4,306	3,295

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

(pursuant to article 2429.4 of the Italian Civil Code)

SUBSIDIARIES	PROARIS S.r.l.		A2A RETI ELETTRICHE S.p.A.		A2A RETI GAS S.p.A.		A2A CALORE & SERVIZI S.r.l.	
Share capital:	Euro	1,875,000	Euro	520,000,000	Euro	445,000,000	Euro	150,000,000
% held:	A2A S.p.A.	60.00%	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%
Description - *Thousands of euro*	12 31 15	12 31 14	12 31 15	12 31 14	12 31 15	12 31 14	12 31 15	12 31 14
Revenues	2,728	3,341	338,353	363,068	211,177	210,591	231,828	237,920
Gross operating income	295	356	133,417	151,099	104,142	103,444	71,443	58,290
Net operating income	260	321	75,778	96,615	77,453	68,040	40,866	23,355
Profit before tax	269	343	66,816	86,842	77,403	67,921	34,997	16,502
Profit/Loss for the year	205	227	42,950	44,381	48,971	31,003	25,030	9,535
Assets	7,139	7,157	1,208,187	1,234,493	856,416	832,288	688,397	689,592
Liabilities	1,052	1,059	473,623	500,799	146,874	142,317	331,799	349,024
Equity	6,087	6,098	734,564	733,714	709,542	689,971	356,598	340,568
Net financial position	2,312	1,784	(151,104)	(171,380)	49,314	40,768	(194,468)	(189,519)

AFFILIATES	ERGOSUD S.p.A.		PREMIUMGAS S.p.A.	
Share capital:	Euro	81,447,964	Euro	120,000
% held:	A2A S.p.A.	50.00%	A2A Alfa S.r.l.	50.00%
Description - *Thousands of euro*	12 31 14 (*)	12 31 13	12 31 15	12 31 14
Revenues	63,986	66,893	11,558	7,549
Gross operating income	38,619	36,294	(890)	(1,119)
Net operating income	17,868	16,034	(898)	(1,127)
Profit before tax	12,176	10,052	(898)	490
Profit/Loss for the year	6,065	6,114	(831)	589
Assets	446,344	488,345	20,756	9,925
Liabilities	270,147	318,214	14,916	3,254
Equity	176,197	170,131	5,840	6,671
Net financial position	(214,026)	(249,406)	244	976

(*) Last approved financial statements available.

A2A ENERGIA S.p.A.		PLURIGAS S.p.A. in liquidation		A2A CICLO IDRICO S.p.A.		ASPEM S.p.A.		A2A LOGISTICA S.p.A.	
Euro	2,000,000	Euro	800,000	Euro	70,000,000	Euro	173,785	Euro	250,000
A2A S.p.A.	100.00%	A2A S.p.A.	70.00%	A2A S.p.A.	100.00%	A2A S.p.A.	90.00%	A2A S.p.A.	100.00%
12 31 15	**12 31 14**	**12 31 15**	**12 31 14**	**12 31 15**	**12 31 14**	**12 31 15**	**12 31 14**	**12 31 15**	**12 31 14**
1,300,743	1,449,076	2,375	38,956	76,494	70,647	41,378	38,254	28,134	31,059
99,482	84,592	905	(157)	24,247	14,437	6,288	4,801	414	208
80,437	62,370	905	(157)	11,800	3,089	4,986	3,352	376	160
81,407	63,960	1,146	94	9,893	1,167	4,413	3,258	390	231
54,659	35,240	869	18	7,781	175	2,993	1,891	125	95
616,070	640,754	20,951	36,570	298,065	289,726	38,509	47,451	27,464	30,044
445,335	489,478	2,517	4,005	126,708	126,150	28,423	38,467	9,930	12,635
170,735	151,276	18,434	32,565	171,357	163,576	10,086	8,984	17,534	17,409
48,929	(19,928)	18,735	32,501	(60,271)	(56,343)	2,906	4,093	17,023	19,196

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

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

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

of administrative and accounting procedures for the preparation of financial statements in the year 2015.

2. It is also certified that:

2.1 the financial statements:

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

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

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

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

Milan, April 5, 2016

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

0.5

Independent Auditors' Report

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the shareholders of
A2A SpA

Foreword

In accordance with our audit engagement, we performed a statutory audit of the accounts underlying the financial statements of A2A SpA (the "Company") as of 31 December 2015, as approved by the Board of Directors on 5 April 2016, and consequently we issued our audit report on the draft financial statements including an unqualified opinion thereon on 15 April 2016.

The financial statements of A2A SpA as of and for the year ended 31 December 2015 were re-approved by the Board of Directors today to reflect the impacts on the financial statements disclosures of the investigation, which is still covered by judicial secrecy, which led on 15 April 2016 to the execution by the judicial authorities of Montenegro of a pre-trial detention order against the former Chief Financial Officer of EPCG AD, a Montenegrin subsidiary of A2A SpA.

Following this re-approval, we performed the analyses required by ISA No. 560 "Subsequent events".

Conclusion

Based on the foregoing, we issue again below our report on the financial statements of A2A SpA as of 31 December 2015:

Report on the financial statements

We have audited the accompanying financial statements of A2A SpA as of 31 December 2015, which comprise the statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of A2A SpA are responsible for the preparation of financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

PricewaterhouseCoopers SpA

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Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of A2A SpA as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Report on compliance with other laws and regulations

Opinion on the consistency with the financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, which are the responsibility of the directors of A2A SpA, with the financial statements of A2A SpA as of 31 December 2015. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of A2A SpA as of 31

December 2015.

Milan, 28 April 2016

PricewaterhouseCoopers SpA

Signed by

Giulio Grandi
(Partner)

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

0.6

Report of the Board of Auditors

Report of the Board of Auditors

REPORT OF THE BOARD OF AUDITORS

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

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

Dear Shareholders,

Pursuant to article 153, paragraph 1 of Legislative Decree no. 58 of February 24, 1998 and article 2429 of the Civil Code, we wish to inform you that, during the year ended December 31, 2015, we carried out the supervisory and control activities according to the rules of the Civil Code, of articles 148 et seq of the CFA of Legislative Decree January 27, 2010 no. 39 and the indications contained in CONSOB communications, taking into account the principles of conduct recommended by the National Council of Chartered Accountants and Accounting Experts.

As auditing body, we:

- participated in the shareholders' meeting held June 11, 2015;
- attended all the meetings of the Executive Committee for a total of 12 sessions;
- attended all the meetings of the Board of Directors, for a total of 19 sessions, during which we were informed about the activities carried out and the most significant transactions made by the Company and its subsidiaries. In this context, we systematically received from the CEO the information regarding the exercise of proxies;
- conducted 18 meetings of the Board of Auditors during which information was also exchanged with the independent auditors and with the CEO, in order to ensure that no transactions were carried that were imprudent, risky, in potential conflict of interest, in

contrast with the law, by-laws or the resolutions of the shareholders' meeting or such to affect the integrity of the Company's assets;

- constantly collected information on the organizational structure of the Company and any changes thereto, also conducting meetings with the related managers of the Company;
- attended 14 meetings of the Remuneration and Appointments Committee, acquiring information on the work it performed during the year;
- received from the Audit and Risk Committee, the Director in charge of the internal control and risk management system and the Head of the Internal Audit function information regarding risk mapping of the activities in progress, verification programs and implementation projects of the internal control system, even through participation in 12 meetings of the Committee, during which we took cognizance of the activity carried out by the Committee;
- examined periodically, as part of the supervision of the effectiveness of the internal control and risk management system adopted by the Company, the updated mapping of risks relating to the Company and its subsidiaries prepared by the Director in charge of the internal control and risk management system and submitted by the latter to the Board of Directors for review;
- examined the periodic reports prepared every six months by the Head of Internal Audit function, which contain information on the activities carried out by the latter during the reference period, the risk management procedures within the Company, respect for plans defined for their reduction, strategic goals for reduction and efficiency, as well as the positive assessment of the same Head of the Internal Audit function on the suitability of the internal control and risk management system of the Company with respect to the characteristics of the company and the profile of risk undertaken. In particular, on July 29, 2015 and March 21, 2016, the Board (i) expressed a favourable opinion on the adequacy, effectiveness and effective functioning of the internal control and risk management

system of the Company with respect to the same characteristics and profile of risk undertaken; (ii) expressed a favourable opinion on the organizational, administrative and accounting structure of A2A and its subsidiaries with strategic importance, with particular reference to the internal control and risk management system;

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

  The Supervisory Board of the Company reported to the Board on the activities carried out during the first half of 2015 and thereafter, by special report, informed the same on the activities carried out during 2015 confirming the operation and observance of the Model.

On June 22, 2015, the Board of Directors of A2A S.p.A. resolved the update of the Organization, Management and Control Model pursuant to Legislative Decree 231/01 adapting it to the new governance of the company and including the crime of corruption among individuals.

On the same date, the Board of Directors approved the new Code of Ethics of A2A S.p.A., which was adopted by all Group companies;

- verified that the Company complies with the Corporate Governance Code for listed companies approved in March 2006 and last amended in July 2015. The Annual Report on Corporate Governance adequately illustrates the corporate governance system and the choices adopted.

Moreover, the Board:

- expressed its positive opinion in relation to the approval of the 2015 and 2016 audit plans prepared and illustrated by the head of the internal audit function and approved by the Board of Directors on February 18, 2015 and February 17, 2016;
- monitored the actual implementation of corporate governance rules in the Corporate Governance Code, including the assessment of the Board of Directors and its internal Committees;
- certified, on the basis of statements made by the Directors and took note of the assessments expressed by the Board, that the criteria and procedures adopted by the Board to assess the independence of its members were correctly applied;
- took note of the procedures adopted and instructions issued by A2A S.p.A. for the preparation of the Annual Financial Report of the A2A Group at December 31, 2015, the Half-Year Financial Report of the A2A Group at June 30, 2015 and the Interim Reports on Operations of the A2A Group at March 31 and September 30, 2015;
- successfully verified compliance with the criteria of independence with regard to each of its members, as required by the Corporate Governance Code. Said verification was conducted on December 10, 2015, as part of the annual verification of permanence of said requirements. The Board reported on the outcome of said audits in the Annual Report on Corporate Governance prepared for the year 2015;
- reviewed the annual report prepared by the Audit and Risk Committee and the report on Corporate Governance prepared by the Company, ensuring that it contains the information required by article 123-*bis* of Legislative Decree 58/98;
- examined the text of the Remuneration Report prepared by the Company which was

approved by the Board of Directors at its meeting of April 5, 2016, and verified that the same contains the information required by article 123-*ter* of Legislative Decree 58/98 and article 84-*quater* of the Issuers' Regulation;

- verified that the information flows between the Parent Company and other companies of the A2A Group occurred and occur in a timely manner and that the provisions provided to subsidiaries pursuant to article 114, paragraph 2, of Legislative Decree 58/98 are adequate;
- ascertained, on the basis of verifications carried out and the information received by the Company, the existence of an adequate administrative and accounting system, and the additional conditions required by article 36 of Consob Resolution no. 16191/2007, relating to subsidiaries with significant relevance established and regulated under the laws of non-EU countries;
- confirmed that it was not required to communicate to Consob and the management company of the market any circumstances involving non-compliance with the provisions of art. 36 of the Market Regulation;
- examined the documentation regulating financial, industrial and support intergroup transactions that can reasonably be considered compliant with the principles of good administration, compatible with the by-laws of the Company and consistent with the spirit of the law;
- found that there were no atypical and/or unusual transactions as defined by Consob Communication DEM/6064293 of July 28, 2006, intergroup or with third parties; this was confirmed by the indications of the Board of Directors, Independent Auditors and Director in charge of the Internal Control and Risk Management System;
- found that the internal structures showed that from the analyses carried out on transactions conducted up to 12/31/2015, there were no transactions with Related Parties

to bring to the attention of the Audit and Risk Committee in its capacity as the Related Party Committee;

- carried out the tasks entrusted to the Board of Auditors in light of the amendments introduced by article 19, paragraph 1 of Legislative Decree 39/2010, by which the Board itself was attributed supervision, among other things, of the statutory audit of annual accounts and consolidated accounts and the independence of the statutory auditor or the independent auditors;
- monitored, pursuant to art. 19, paragraph 1 of Legislative Decree 39/2010, the financial reporting process and effectiveness of internal control, internal audit and risk management systems;
- met regularly with the independent auditors:
  a) to exchange information on the verifications carried out by the latter pursuant to Legislative Decree 39/2010 and Consob Communication no. DAC/99023932 of March 29, 1999 on the regular accounting and correct reporting of events in the accounting records. During these meetings, there were no reports of problems or abnormalities;
  b) for the examination and evaluation of the preparation process, including the evaluation of the correct application of accounting standards and homogeneity of the same, the Half-Year Financial Report of the A2A Group at June 30, 2015 and the Annual Financial Report of the A2A Group at December 31, 2015, as well as the outcomes of the audit and evaluation of this document.
- received, pursuant to article 19 paragraph 3 of Legislative Decree 39/2010, the report of the independent auditors, illustrating the key issues arising from the statutory audit and any significant weaknesses identified in the internal control system in relation to the financial reporting process, in which no significant weaknesses were identified;

- received, pursuant to art. 17, paragraph 9, letter a) of Legislative Decree 39/2010, from the independent auditors of the Company, confirmation of its independence as well as the timely disclosure of non-audit services provided to the Company by the independent auditors and entities belonging to the same network;
- discussed, pursuant to art. 17, paragraph 9, letter b) of Legislative Decree 39/2010, with the independent auditors the risks relating to the independence of the same and the measures adopted by the independent auditors to mitigate said risks.

  In this regard, we report that, in 2015, we had no evidence of the assignment of tasks other than the statutory audit of annual and consolidated accounts to PricewaterhouseCoopers S.p.A. (or to entities/persons belonging to its network), a company entrusted with the assignment of the statutory audit by the Shareholders' Meeting of April 26, 2007, with the sole exception of the assignment indicated below conferred to PricewaterhouseCoopers S.p.A., with the favourable opinion of the Board of Auditors: "Verifications of compliance and consequent signing of tax statements for compensation of tax receivables for seven companies of the Group (A2A S.p.A.; Abruzzoenergia S.p.A.; A2A Reti Elettriche S.p.A.; PremiumGas S.p.A; A2A Energia S.p.A.; A2A Reti Gas S.p.A. and A2A Trading S.r.l.) on September 23, 2015, 21,000.00 euro".

In addition, the Company directly conferred to PricewaterhouseCoopers S.p.A. the following additional assignments:

a) A2A S.p.A. - Audit of the sustainability report on April 8, 2010 (multi-year assignment until 2015 inclusive), 93,000.00 euro;

b) A2A S.p.A. - Professional services related to the issue of notes for the Euro Medium Term Note Programme (EMTN) on March 12, 2015, 40,000.00 euro;

c) A2A S.p.A. - Certification of the Euro Medium Term Note Programme (EMTN) on February 20, 2015, 32,000.00 euro;

d) EPCG - Assistance in preparation of notes to standalone and consolidated financial statements for 2014 on June 30, 2015, 9,000.00 euro;

e) EPCG – Accounting and tax advisory services to structure the new company on June 1, 2015, 3,000.00 euro;

f) Edipower S.p.A. - Assignment of statutory audit of costs set out in the final technical-economic report related to the works of partial reconstruction of the Savognara plant prepared in accordance with annex 2, paragraph 4.2.3 of Ministerial Decree July 6, 2012 on June 26, 2015, 15,000.00 euro;

g) Edipower S.p.A. - Request for reinstatement of AEEG and Terna costs on the essential plants of San Filippo on June 18, 2015, 10,000.00 euro;

h) Retragas S.r.l. - verification of the company's revenues under AEEG Resolution 184/09 for 2014 on January 8, 2015, 5,000.00 euro.

It is noted that on July 1, 2015, the assignment procedure was changed following which each assignment must be previously submitted for the favourable opinion of the Board of Auditors and, subsequently, for the approval of the Board of Directors;

- drafted the summary sheets of the control activities carried out by the Board of Statutory Auditors in 2015 according to as provided in Consob Communication no. 1025564 of April 6, 2001.

It is also noted that the Auditors communicated any offices held – as members of the Board of Directors or the Board of Auditors – in companies other than A2A S.p.A.

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

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

Finally, in 2015, the Board:

- met with the Board of Auditors of the subsidiaries A2A Trading S.r.l., Amsa S.p.A., Aprica S.p.A., A2A Reti Gas S.p.A., A2A Reti Elettriche S.p.A., A2A Ambiente S.p.A., A2A Energia

S.p.A., A2A Calore & Servizi S.r.l. and Edipower S.p.A. to verify, among other things, the status of implementation by said Companies of the directives issued by the parent company. The Board noted that the subsidiaries were in line with the directives received. The meeting allowed for an exchange of information regarding, among other things, the functioning of corporate activity, the characteristics of the internal control system, the business organization of the subsidiaries, the composition and activities of the Supervisory Body, the Committees, Internal Audit function and the changes in the organizational structure of the Company during the year 2015;

- received from the Board of Directors the draft financial statements for the year 2015 and the report on operations of A2A S.p.A. as well as the consolidated financial statements 2015 of the A2A Group under the agreed terms;
- received the Reports on the Financial Statements and Consolidated Financial Statements of the Group at December 31, 2015, issued by the independent auditors in accordance with articles 14 and 16 of Legislative Decree no. 39 of January 27, 2010, which expresses an unqualified opinion on the separate financial statements of the Company and the consolidated financial statements of the Group;
- ascertained that the Directors, in compliance with the provisions of CONSOB, outlined in the report on operations the transactions with Group companies and related parties;
- noted that, following the favourable opinion issued by the Audit and Risk Committee, in accordance with the recommendations made by the European Securities and Markets Authority ("ESMA") on January 21, 2013, the joint document Bank of Italy/Consob/ISVAP no. 4 of March 3, 2010 and Consob Communication no. 3907 of January 19, 2015, the Board of Directors on February 18, 2015 approved the impairment test procedures applied by the Company in preparing the financial statements at December 31, 2015, while on February 29, 2016, the Board of Directors approved the 2015 impairment test of the A2A Group.

Lastly, it is recalled that the Shareholders' Meeting of June 11, 2015 resolved to confer the assignment of the statutory audit of the financial statements of A2A S.p.A., the consolidated financial statements and the half-year financial report of the A2A Group, for the years ending from December 31, 2016 to December 31, 2024. to Reconta Ernst & Young S.p.A. since the current assignment attributed to PricewaterhouseCoopers S.p.A. will expire with the resolution of the Shareholders' Meeting called to approve the financial statements of the Company at December 31, 2015.

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

- verified compliance with the law and the by-laws and the standards by which proper administration shall be informed;
- verified the adequacy of the Company's organizational structure, the internal control system and the administration and accounting system, in their actual functioning;
- verified compliance with the laws governing the preparation and format of the Financial Statements of the Company and the Consolidated Financial Statements of the Group and the reports on operations regarding year 2015, also through direct verifications and information obtained by the independent auditors;
- verified that, in accordance with Regulation (EC) no. 1606/2002 and Legislative Decree no. 38/2005, the financial statements of A2A S.p.A. and the consolidated financial statements of the A2A Group at December 31, 2015 are prepared in accordance with IAS/IFRS international accounting standards approved by the European Commission, supplemented by the related interpretations issued by the International Accounting Standards Board (IASB);
- monitored compliance of the Procedure for Transactions with Related Parties, prepared by the Company pursuant to Consob Regulation 17221 of March 12, 2010 while verifying adaptation of the Procedure following the adoption of the "traditional" governance system approved by the Board of Directors on June 22, 2015;

- verified the adequacy of the provisions provided by the Company to subsidiaries.

Subsequent events

It is noted that the A2A Board of Directors had approved the draft financial statements of the Company at December 31, 2015 on April 5, 2016 and that the auditing firm PWC had issued its report on the draft financial statements on April 15, 2016.

The aforementioned financial statements have been subject to re-approval today by the Board of Directors, to reflect the impact of financial statement disclosures as a result of the investigations, still covered by the confidentiality of investigations, which led, on April 15, this year, to the execution by the judicial authorities of Montenegro of a precautionary detention order against the former Chief Financial Officer of EPGC, Montenegrin subsidiary of A2A S.p.A. However, based on the information in our possession, the former Chief Financial Officer of EPCG appointed by A2A is accused - along with two previous EPCG managers appointed by A2A, and three Montenegrin officials of EPCG - of abuse of office in the management of service contracts stipulated by EPCG, as they were stipulated without complying with the local legislation on Public Procurement.

The Board of Directors - as outlined in further detail in the report on operations - based on the assessments made and the limited information available to date, including the uncertainty of the counts of the charge with respect to those under investigation and the fact that A2A and other Group companies are currently not recipients of any measure, deemed that the risk of the possible involvement of A2A, direct or indirect, in terms of potential penalties applicable and/or claims for compensation or indemnity actions, can be assessed as possible. Simultaneously and considering the state of the proceedings and for the reasons outlined, the same Board deemed it impossible to quantify in reliable terms the amount of the indemnities or penalties, direct or indirect.

In view of the above, the Company - in accordance with IAS 37 - considered it correct to handle the case in question providing adequate information and not allocating specific risks provision.

Also today, the auditing firm PWC has reissued the report on the financial statements and consolidated financial statements, with no remarks.

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In view of the above, we kindly request that you approve the financial statements at December 31, 2015 presented by the Board of Directors along with the report on operations and the proposed allocation of the result for the year.

Milan, 28 April 2016

THE BOARD OF AUDITORS

(Giacinto Sarubbi) - Chairman

(Cristina Casadio) - Standing Auditor

(Norberto Rosini) - Standing Auditor