PRESS RELEASE – 31 July 2014

The A2A S.p.A. Board of Directors has examined and approved the Half year financial report at 30 June 2014

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Further reduction of the Net Financial Debt of 302 million euros (around -8%), which amounts to 3,572 million euros.

The continuing critical situation in the energy sector and the effects of the high temperatures recorded in the early months of the year have been partially compensated by the growth of business on the environmental certificates market, by the measures to increase operational efficiency and by the improved performance of the hydroelectric production, which made it possible to limit the impact on the Group's economic-financial results (EBITDA amounting to 551 million euros, -9.7% compared to the first half of 2013).

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Milan, 31 July 2014 – At today's meeting of the A2A S.p.A. Board of Directors, chaired by Mr. Giovanni Valotti, the Board examined and approved the *Half year financial report at 30 June 2014*.

The half year was marked by the continual worsening of the economic indicators, specifically in the energy sector. Compared to the corresponding period of 2013, the market prices of electricity fell in the half year in question by 11 euros/MWh (-18%) while domestic demand dropped by 3%.

Despite this difficult market context, the company achieved a further reduction of the Net Debt of 302 million euros.

The industrial margin, taking into account the unfavourable climatic conditions recorded in the period in question and the allocation of mobility charges for 9 million euros relative to the new agreement signed with the trade unions on 23 May 2014 to address the crisis situation in the electricity production sector, is essentially in line with the same period of the previous year, thanks to the favourable hydraulicity in Italy, the continuous effort towards operational efficiency and the good performance achieved on the environmental certificates market.

The Gross Operating Income amounted to 551 million euros (610 million euros in the first half of 2013). The reduction of 59 million euros includes the effects connected to the high temperatures which can be quantified at around 27 million euros, as well as those relative to the lower hydraulicity recorded in Montenegro (38 million euros) and the expiry (from October 2013) of the CIP 6 incentive on the production of electricity by the waste-to-energy plant in Brescia for 17 million euros.

The net operating income of the period amounted to 302 million euros (-8.5%), while the net profit amounted to 97 million euros (-27.1%).

During the period, the generation of net cash flows was positive and amounted to 302 million euros, after investments of 124 million euros and the payment of dividends for 102 million euros. The Net Financial Position at the end of June 2014 thus amounted to 3,572 million euros (3,874 million euros at 31 December 2013).

Main consolidated results of the A2A Group at 30 June 2014

in millions of euros	**6 months 2014**	**6 months 2013**	**Δ %**
Revenues	2,582	2,845	-9.2%
Gross Operating Income - EBITDA	551	610	-9.7%
Net Operating Income - EBIT	302	330	-8.5%
Group Net Profit	97	133	-27.1%
in millions of euros	**6 months 2014**	**Year 2013**	**Δ**
Consolidated net financial debt	**3,572**	**3,874**	-302

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Business outlook for operations

In the second half of the year the management will be committed to pursuing a further reduction of the Group's net financial position and continuing the plan to improve operational efficiency, aimed at mitigating the economic effects deriving from the unfavourable climatic conditions of the first half of the year which can hardly be fully reabsorbed during the current year and the continuing economic crisis.

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Operating performance of the Group

The electricity sold on the wholesale and retail markets by the Group's companies (net of the contribution of the subsidiary company EPCG in Montenegro) equalled[1] 24.7 TWh (billion kilowatt hours), an increase of 26% compared to the first half of 2013.
Sales concerned the domestic market for 17.9 TWh and foreign markets for 6.8 TWh.

[1] Net of the energy sold and simultaneously reacquired by the Power Exchange.

The Group's plants contributed, for 5.9 TWh,[2] to fulfil the demand.
Specifically, in the period in question, thermoelectric production equalled 2.7 TWh (-24%) while hydroelectric production reached 3.0 TWh (+26%).
The production of electricity from co-generation, waste-to-energy and biogas plants amounted to 0.2 TWh (a reduction of 65%, net of the intercompany sales).

The EPCG Group produced a total of 1.5 TWh (-36%), of which 0.6 TWh was from thermoelectric sources (+13%) and 0.9 TWh from hydroelectric sources (-51%). The reduced production can therefore be mainly attributed to the hydroelectric source which, in the first half of 2013, achieved results above the historical average due to the exceptional rainfall.
These dynamics, together with a slight growth in domestic demand (+4.8%), led to an increase in the quantity of electricity imported (+0.5 TWh) and a reduction in the quantity of electricity exported (-0.1 TWh).
The electricity distributed on the medium and low voltage network in Montenegro amounted to 1.2 TWh (-5%).

In the period in question, gas sales amounted to 1,457 million cubic metres, up by 163 million cubic metres mainly due to greater brokerage activities on the wholesale markets.

Sales of heat on the other hand, equal to 1.1 thermal TWh, recorded a decrease of 22% compared to the first six months of the previous year, mainly due to the effect of the high temperatures that characterized the winter quarter. The co-generation and waste-to-energy plants contributed to covering the thermal load with an overall production of 1.2 thermal TWh (-21%).

The quantity of waste disposed of equalled 1.3 million tonnes (-1%).

The electricity distributed amounted to 5.4 TWh, down by 2% compared to the first half of 2013. The quantities of gas distributed amounted to 1,020 Mcm (-17%), while the water distributed amounted to 30 Mcm (32 Mcm in the first half of 2013).

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Economic results

Revenues of the A2A Group, amounting to 2,582 million euros, were down by 263 million euros compared to the first half of 2013 mainly due to the effect of the reduction in electricity sales for heating resulting from the high temperatures recorded in the period.

The **Gross Operating Income** equalled 551 million euros, a decrease of 59 million euros compared to the first half of 2013. The following table shows the composition by business area:

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[2] The production includes the integral contribution of the Edipower plants, excluding the thermoelectric plant in Turbigo and the hydroelectric plant in Tusciano, transferred to Iren Energia S.p.A. in November 2013.

Millions of euros	**06.30.2014**	**06.30.2013**
Energy Business	262	293
Environment Business	115	155
Heat and Services Business	39	57
Networks Business	146	121
Other Services and Corporate	(11)	(16)
Total Ebitda	**551**	**610**

The Gross Operating Income of the *Energy Business* equalled 262 million euros, a decrease of 31 million euros compared to the first half of 2013.
This reduction can essentially be attributed to the results of the subsidiary company EPCG which, although positive and amounting to 22 million euros, in this sector show a reduction of 31 million euros compared to the first six months of the previous year, which benefited from a higher hydroelectric production.
Net of these effects, the Gross Operating Income of the Energy Business is in line with the first half of 2013 thanks to greater margins achieved on the environmental certificates market and the positive performance of the trading activity, which mitigated the economic effects deriving from the fall in electricity prices on the wholesale markets.

The Gross Operating Income of the *Environment Business* equalled 115 million euros, a reduction of 40 million euros compared to the first half of 2013.
This performance can mainly be attributed, for 27 million euros, to the presence in the first half of 2013 of a positive element of income pertaining to the year 2012 relative to the sale price of electricity produced under the CIP 6 scheme as well as lower revenues from electricity sales following the expiry of the CIP 6 agreement of the waste-to-energy plant in Brescia. Net of these elements, the Gross Operating Income of the Business was slightly up compared to 30 June 2013 due to the effect of the margins achieved by the industrial activities of waste disposal and the creation of waste treatment plants.

The Gross Operating Income of the *Heat and Services Business* equalled 39 million euros, a decrease of 18 million euros compared to the first half of the previous year.
The reduction of the margin, relative to both the District Heating Sector and the Heat Management Sector, can essentially be attributed to the unusual climatic conditions recorded above all in the first quarter of 2014. The first months of 2013, on the contrary, recorded temperatures lower than the historical averages. This negative effect was partially offset by the effective action of commercial development and by greater margins achieved from the sale of white certificates awarded for the management of the district heating service in the cities of Milan, Brescia and Bergamo.

The margin of the *Networks Business* amounted to 146 million euros, up by 25 million euros compared to the first half of the previous year. The result of the first six months of 2013, however, included the allocation of mobility charges relating to the corporate restructuring plan for around 10 million euros. Net of this effect, the Gross Operating Income of the Business is up by 15 million euros compared to the same period of the previous year.
This increase can essentially be attributed to the electricity distribution sector: the application of Resolution 258/14/R/eel of AEEGSI published in June resulted in higher revenues allowed for the company A2A Reti Elettriche relative to the years 2012, 2013 and 2014. The contribution of the

electricity distribution sector of the EPCG Group was positive due to the effect of the increase in the distribution tariffs.

The "**Amortisation and depreciation, provisions and write-downs**" equalled 249 million euros (280 million euros at 30 June 2013). The decrease of 31 million euros can essentially be attributed to lower amortisation and depreciation related to previous asset write-downs and lower risk provisions which reflect improved credit portfolios.

Due to the effect of the dynamics explained above, the "**Net Operating Income (EBIT)**" equals 302 million euros (330 million euros at 30 June 2013).

"**Net financial charges**" equalled 101 million euros (88 million euros in the first half of 2013). Compared to the same period of 2013, the half year in question recorded lower net financial charges for 17 million euros and the negative impact of the variation to the fair value of the derivative contracts for 30 million euros.

"**Affiliates**" were positive for 5 million euros (7 million euros at 30 June 2013), which can mainly be attributed to the valuation, according to the equity method, of the shareholdings in Dolomiti Energia S.p.A. and ACSM-AGAM S.p.A..

"**Income taxes**" in the period in question equalled 101 million euros. Taxes in the first half of the previous year, amounting to 94 million euros, included some non-recurring benefits.

The **"Group result for the period**", after the "Minorities" were deducted, came to 97 million euros (133 million euros at 30 June 2013).

Financial position and assets

The consolidated "**Net Employed capital**" at 30 June 2014 came to 6,881 million euros and is covered by the Net Equity for 3,309 million euros and the net financial debt for 3,572 million euros.

The "**Net Working capital**" amounted to 404 million euros, reduced by 337 million euros compared to 31 December 2013 mainly as a result of the reduction of the trade receivables and other current assets.

The "**Net fixed assets**", including the "Assets/Liabilities held for sale", equalled 6,477 million euros, down by 4 million euros compared to 31 December 2013.

The "**Net financial position**", equal to 3,572 million euros, improved by 302 million euros compared to 31 December 2013 following the positive generation of cash flow attributable to the operations, partially offset by the resources absorbed by the investment activities for 124 million euros and by dividends paid for 102 million euros.

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The Executive responsible for drawing up A2A S.p.A. company accounting documents declares – in accordance with article 154-bis, subsection 2 of the Financial Act (TUF) (Legislative Decree 58/1998) - that the accounting information contained in this document corresponds to the documentary evidence, books and accounting records.

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The following are attached: the A2A Group accounting tables, extracted from the Half year financial report at 30 June 2014, subject to auditing.

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Duty to notify the public in accordance with Consob decision no. 11971 of 14.5.1999 as amended

CONSOLIDATED BALANCE SHEET	06/30/2014	12/31/2013	06/30/2013
(millions of euro)			
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	5,828	5,930	6,231
Intangible assets	1,306	1,306	1,384
Shareholdings carried according to equity method	191	187	217
Other non-current financial assets	51	53	54
Deferred tax assets	359	372	261
Other non-current assets	62	53	79
TOTAL NON-CURRENT ASSETS	**7,797**	**7,901**	**8,226**
CURRENT ASSETS			
Inventories	285	284	263
Trade receivables	1,651	1,889	1,849
Other current assets	305	383	473
Current financial assets	126	107	81
Current tax assets	50	70	49
Cash and cash equivalents	376	376	710
TOTAL CURRENT ASSETS	**2,793**	**3,109**	**3,425**
NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**	**346**
TOTAL ASSETS	**10,590**	**11,010**	**11,997**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,629	1,629	1,629
(Treasury shares)	(61)	(61)	(61)
Reserves	1,078	1,161	1,189
Result of the year	-	62	-
Result of the period	97	-	133
Equity pertaining to the Group	**2,743**	**2,791**	**2,890**
Minority interests	566	557	862
Total equity	**3,309**	**3,348**	**3,752**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	3,989	3,982	3,506
Employee benefits	360	339	321
Provisions for risks, charges and liabilities for landfills	568	605	597
Other non-current liabilities	349	436	407
Total non-current liabilities	**5,266**	**5,362**	**4,831**
CURRENT LIABILITIES			
Trade payables	1,145	1,306	1,158
Other current liabilities	739	566	732
Current financial liabilities	128	415	1,452
Tax liabilities	3	13	20
Total current liabilities	**2,015**	**2,300**	**3,362**
Total liabilities	**7,281**	**7,662**	**8,193**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**	**52**
TOTAL EQUITY AND LIABILITIES	**10,590**	**11,010**	**11,997**

CONSOLIDATED INCOME STATEMENT (millions of euro)	01/01/2014 06/30/2014	01/01/2013 06/30/2013 (*)	01/01/2013 12/31/2013
Revenues			
Revenues from the sale of goods and services	2,475	2,739	5,389
Other operating income	107	106	215
Total Revenues	**2,582**	**2,845**	**5,604**
Operating expenses			
Expenses for raw materials and services	1,594	1,775	3,567
Other operating expenses	107	112	240
Total Operating expenses	**1,701**	**1,887**	**3,807**
Labour costs	**330**	**348**	**664**
Gross operating income - EBITDA	**551**	**610**	**1,133**
Depreciation, amortization, provisions and write-downs	**249**	**280**	**876**
Net operating income - EBIT	**302**	**330**	**257**
Result from non-recurring transactions	**-**	**(3)**	**75**
Financial balance			
Net financial charges	(101)	(88)	(183)
Affiliates	5	7	(23)
Result from disposal of other shareholdings (AFS)	-	-	-
Total financial balance	**(96)**	**(81)**	**(206)**
Result before taxes	**206**	**246**	**126**
Income taxes	**101**	**94**	**51**
Result after taxes from operating activities	**105**	**152**	**75**
Net result from discontinued operations	-	-	-
Net result	**105**	**152**	**75**
Minorities	**(8)**	**(19)**	**(13)**
Group result of the period	**97**	**133**	**62**

(*) According to the new adopted Income Statement structure the comparative figures for the period January-June 2013 have been reclassified.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	06/30/2014	06/30/2013	12/31/2013
Net result (A)	**105**	**152**	**75**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	(22)	4	(20)
Tax effect of other actuarial gains/(losses)	7	(1)	5
Total actuarial gains/(losses) net of the tax effect (B)	**(15)**	**3**	**(15)**
Effective part of gains/(losses) on cash flow hedge	(39)	(16)	(8)
Tax effect of other gains/(losses)	14	6	3
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	**(25)**	**(10)**	**(5)**
Other gains/(losses) of companies valued at equity net of the tax effect (D)	-	-	-
Total comprehensive result (A)+(B)+(C)+(D)	**65**	**145**	**55**
Total comprehensive result attributable to:			
Shareholders of the parent company	**57**	**125**	**42**
Minority interests	**8**	**20**	**13**

CONSOLIDATED CASH-FLOW STATEMENT (millions of euro)		06/30/2014		12/31/2013		06/30/2013
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		**376**		**553**		**553**
Operating activities						
Net Result (**)		**105**		**(9)**		**152**
Tangible assets depreciation		200		420		210
Intangible assets amortization		29		66		31
Fixed assets write-downs/disposals		1		260		5
Result from affiliates		(5)		23		(7)
Net taxes paid (a)	(57)		(122)		(29)	
Gross change in assets and liabilities (b)	257		141		135	
Total change of assets and liabilities (a+b) (*)		200		19		106
Cash flow from operating activities		**530**		**779**		**497**
Investment activities						
Investments in tangible assets		(93)		(227)		(89)
Investments in intangible assets and goodwill		(31)		(57)		(29)
Investments in shareholdings and securities (*)		-		(3)		(3)
Disposal of fixed assets and shareholdings		-		53		4
Dividends received		1		3		3
Cash flow from investment activities		**(123)**		**(231)**		**(114)**
FREE CASH FLOW		**407**		**548**		**383**
Financing activities						
Change in financial assets (*)		(34)		(96)		(75)
Change in financial liabilities (*)		(224)		(369)		10
Net financial interests paid		(46)		(173)		(74)
Dividends paid by the parent company		(102)		(81)		(81)
Dividends paid by the subsidiaries		(1)		(6)		(6)
Cash flow from financing activities		**(407)**		**(725)**		**(226)**
CHANGE IN CASH AND CASH EQUIVALENTS		**-**		**(177)**		**157**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		**376**		**376**		**710**

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

Statement of changes in Group equity
(millions of euro)

Description	Share capital	Treasury shares	Cash Flow Hedge	Other Reserves and retained earnings	Result of the period/year	Total Equity pertaining to the Group	Minority interests	Total Net shareholders equity
Net equity at December 31, 2012	**1,629**	**(61)**	**(16)**	**1,034**	**260**	**2,846**	**851**	**3,697**
Changes of the first half of 2013								
2012 result allocation				260	(260)			
Distribution of dividends				(81)		(81)	**(6)**	(87)
IAS 19 reserves (*)				3		3		3
IAS 32 and 39 reserves (*)			(11)			(11)	**1**	(10)
Put option on Edipower S.p.A. shares				(3)		(3)		(3)
Other changes				3		3	**(3)**	
Group and minorities result of the period					133	133	**19**	152
Net equity at June 30, 2013	**1,629**	**(61)**	**(27)**	**1,216**	**133**	**2,890**	**862**	**3,752**
Changes of the second half of 2013								
IAS 19 reserves (*)				(18)		(18)		(18)
IAS 32 and 39 reserves (*)			6			6	**(1)**	5
Put option on Edipower S.p.A. shares				(21)		(21)		(21)
Effects from non-proportional partial Edipower S.p.A. demerger							**(297)**	(297)
Other changes				5		5	**(1)**	4
Group and minorities result of the period					(71)	(71)	**(6)**	(77)
Net equity at December 31, 2013	**1,629**	**(61)**	**(21)**	**1,182**	**62**	**2,791**	**557**	**3,348**
Changes of the first half of 2014								
2013 result allocation				62	(62)			
Distribution of dividends				(102)		(102)		(102)
IAS 19 reserves (*)				(15)		(15)		(15)
IAS 32 and 39 reserves (*)			(25)			(25)		(25)
Other changes				(3)		(3)	**1**	(2)
Group and minorities result of the period					97	97	**8**	105
Net equity at June 30, 2014	**1,629**	**(61)**	**(46)**	**1,124**	**97**	**2,743**	**566**	**3,309**

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