



ANNUAL ACCOUNTS

2015



Share capital € 7,500,000 fully paid-in
Sole shareholder pursuant to art. 4 of Lgs Decree 79/99 Gestore dei Servizi Energetici - GSE S.p.A.
Entity with direction and coordination powers: GSE S.p.A.
Registered offices - 00197 Rome – Via Guidubaldo Del Monte, 45
Registry of Companies, VAT and Tax Id Code no. 05877611003
Economic and Administrative Registry of Rome no. 932346



CONTENTS

LETTER TO THE SHAREHOLDERS	4
CORPORATE STRUCTURE	7
Board of Directors (2015-2016)	7
Board of Auditors (2014-2016)	7
REPORT ON OPERATIONS	9
MAIN REGULATORY ELEMENTS AND AREA OF REFERENCE	10
ECONOMIC FRAMEWORK	14
FINANCIAL PERFORMANCE	16
Summary financial statements	16
Selected operating data	16
Reclassified income statement	17
Reclassified balance sheet	22
ACTIVITIES IN ENERGY MARKETS	24
Total electricity demand	24
Electricity demand for enhanced protection service	24
Consumption and oil price trends	24
Trend of the Eur/Dollar exchange rate	24
Trends in electricity prices	25
Electricity supply	26
Purchases portfolio	27
Energy obtained through physical contracts	28
National Physical Bilateral Contracts	28
MTE	28
Energy supplied through the bidding system (Electricity Exchange)	28
Imbalances	28
Risk Management	28
Costs of energy supply	28
Transfer of electricity to companies operating in the enhanced protection service	29
Safeguard Service – Electricity	30
Supply of last resort - Gas and default distribution service – Gas	30

ACTIVITIES IN SUPPORT OF OPERATORS AND END USERS	31
Energy consumer Help Desk	31
Energy Consumer Settlement Service	34
Integrated Information System	36
Electricity and natural gas retail markets monitoring system	39
Italian Central Stockholding Entity - OCSIT	39
OTHER CORPORATE MANAGEMENT ACTIVITIES	43
Human resources	43
Workforce development	43
Training to support skills development	44
Corporate information systems	44
Studies and Research	48
Communication Activities	48
Litigation management	49
Tax assessments	50
Activities of the director responsible for preparing financial accounts	50
Activities of the director responsible for the prevention of corruption and the transparency	50
RELATIONS WITH THE PARENT COMPANY AND THE COMPANIES UNDER ITS CONTROL	52
BUSINESS OUTLOOK	54
OTHER INFORMATION	57
BALANCE SHEET	59
ASSETS	60
LIABILITIES	61
PROFIT AND LOSS ACCOUNTS	63
PROFIT AND LOSS ACCOUNTS	64
NOTES TO THE FINANCIAL STATEMENTS 2015	67
Structure and content of the financial statements	68
Accounting principles and valuation criteria	69
Balance sheet	73
Assets	73

Liabilities	80
Memorandum accounts	87
Profit & loss account	88
Other information	99
Cash flow	100
REPORTS	103
Report of Statutory Auditors	104
Independent Auditors' Report	111
Certification of the Financial Statements pursuant to Art. 26 of the Articles of Association	113

LETTER TO SHAREHOLDERS

During 2015, Acquirente Unico continued its institutional activities developing, in the context, important functions in the areas of operations.

At the same time, the Company continued the actions initiated in the previous year 2014 to achieve the objectives of containment of the operating costs required by the spending review referred to in the Decree Law no. 66/2014, as converted, and it complied with the requirements of the laws and implementing regulations applicable in this sector which have introduced important institutional activities, with particular reference to OCSIT and to the Integrated Information System developments.

In 2015, in fact, the Company, in its capacity as the Italian Central Stockholding Entity (OCSIT) continued to guarantee the obligations of holding emergency oil stocks in accordance with Italian legislative decree no. 249/12.

As a consequence of the enactment, at the beginning of the year, of the Decree of the Ministry for Economic Development (hereinafter MED or, in Italian, MiSE) for the 2015 Stock Year, the Company proceeded to purchase oil products to ensure additional two days of emergency stocks, which overall lead the OCSIT in the biennium 2014/2015 to ensure three days of emergency stocks. To this end, the relevant stockholding capacity was acquired. With regard to the purchases of the products, OCSIT used the financial resources already made available, since the first stock year of OCSIT, by the financial institution winner of the public tender bid, with whom the Company signed a specific financing agreement.

Also the Integrated Information System, the database that contains approximately 37 million active pick-up points for the electric sector (including approximately 23.5 million of customer in the enhanced protection market and 13.5 million in the free market) and about 21.4 million of active delivery points for the gas sector - continued to strengthen its activities, with particular reference to the starting of the measurement flow management and the transfer process for the electricity sector, as well, as the gas sector is concerned, in relation to the accreditation of its business partners and the management of the service of pre-check and the final customers master data governed by the consolidated law on settlement in the gas sector (TISG). Also, in the end of the year 2015, the Resolution of the Authority for Electricity and Gas and the Water Systems (hereinafter the "Authority") on the switching process management within the IIS, with the forecast of the development of the related activities in the course of 2016.

As for the Energy Consumer Help Desk, 2015 was the third year of operation of the 2013-2015 Project, as well as the sixth year since its launch in late 2009. The Help Desk has therefore sent to the Authority an updated proposal for the ending project, which the Authority has approved. This project, in view of the possible changes in the legal and regulatory framework, contains forecasts for the year 2016 on the volume

of complaints, postponing the 2017-2019 three-year plan to the outcome of the definition of the new structure of protection system that is expected to occur in the year 2016.

Concurrently, it was also approved by the Authority the proposed "bridge" project for the extension of the Conciliation Service for the year 2016 and for the activities preparatory and connected to the development of the 2017- 2019 three-year project.

As proposed by the Authority in the consultations undertaken with regard to the above-mentioned reform of the protection system, to the Conciliation Service is reserved a central role in the mediation attempt (with the Conciliation Service or other body), to become mandatory as a condition of admissibility of the legal action; in turn, the Authority suggests a role for the Help Desk focused on managing specific procedures relating to special cases, both for the relevance of the disputed situation and for the vulnerability of those involved, without prejudice to the Call Center functions, as well as of the web site, which will be the only interface of the two services for the customers.

Finally, some considerations on the activity of electricity supply. Acquirente Unico, in this area, has worked in a reference context characterized by a weak economic situation.

The demand for electricity in our country has recorded a further decline, equal to -1.5% compared to 2014. The average price (PUN) of the Electricity Exchange resulted in slight decrease (-0.44%) over the previous year, while consumption of the enhanced protection market in 2015 remained unchanged.

The number of customers served with the enhanced protection at the end of 2015 remains significant, being approximately 24 million, of which about 20 million residential customers and 4 million SMEs.

In this respect, it should be noted that the annual proposed bill for the competition and the market, under discussion at the Parliament, contains provisions aimed at overcoming the current additional safeguards regime, as from 1 January 2018. In parallel, the Authority has proposed a gradual revision of the price forms of protection and the transition of the Enhanced Protection Service to a "service of last resort", also called "universal service."

The above legal and regulatory provisions will determine a significant impact on the supply of electricity by Acquirente Unico S.p.A. While responding to the above-mentioned commitments, the goal set forth in the above-mentioned Law Decree 66/2014 also for the year 2015 has been reached, with a distribution to the shareholder, beyond the net profit, of the available reserves, subject to the sums already transferred during the month of September 2015.

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CORPORATE STRUCTURE

Board of Directors (2015-2016)

Chairman and Managing Director	Andrea Pèruzy
Directors	Vinicio Mosè Vigilante
	Lilliana Fracassi

Board of Auditors (2014-2016)

Chairman	Paola Ferroni
Statutory Auditors	Ciro Piero Cornelli
	Linda Ottaviano
Alternate Statutory Auditors	Corrado Checcherini
	Silvia Genovese

REPORT ON OPERATIONS

MAIN REGULATORY ELEMENTS AND AREAS OF REFERENCE

Acquirente Unico S.p.A. (hereinafter “Acquirente Unico” or “AU”) - a company wholly owned by Gestore dei Servizi Energetici- GSE S.p.A. (hereinafter “GSE”) - was established pursuant to the Italian Legislative Decree no.79 of March 16, 1999, in order to ensure the supply of electricity to eligible customers.

From July 1, 2007, with the completion of the liberalization of the retail sale of electricity, as a result of Italian law no. 125 of August 3, 2007, for conversion with amendments to Decree Law no. 73 of June 18, 2007 (hereinafter “Law no. 125/2007”), all end-users of electricity, and in particular also civilian or domestic users, have the right to freely choose their electricity supplier. In the light of this innovation, Italian law no. 125/07 introduced the services of sale of electricity under enhanced protection and safeguards.

Enhanced protection service

The enhanced protection service is targeted at residential customers and businesses with fewer than 50 employees with an annual turnover not exceeding EUR 10 million (hereinafter the “small customers” or “protected customers”) who decide not to go onto the free market. The service is provided by the enhanced protection distributor, which can be a special sales company, in the territories in which the distribution company is supplying at least 100,000 end users, or the same distribution company in other cases; the procurement function continues to be performed by AU and the financial conditions of the service are indicated by the Electricity, Gas and Water Systems Authority (hereinafter the “Authority” or “AEEGSI”).

AU, in accordance with the directives of the Authority, transfers to the operators the electricity to be supplied to the protected customers, ensuring the balance of its accounts, according to the provisions of Article 4, paragraph 6 of the aforementioned Legislative Decree no. 79/99. The Legislative decree no. 93 of June 1, 2011 (Leg. Dec. no. 93/11) confirmed the enhanced protection of small customers, providing for possible adjustments over time, in response to the monitoring of developments in the retail market and the existence of effective competition.

In this respect, it should be noted the Proposed Annual Bill for the competition and the market, under discussion at the Parliament, which contains provisions aimed at overcoming the discipline of the fares determined by the Authority for the small customers in the gas and electricity sectors, as from January 1, 2018.

Safeguard Service

The Safeguard Service is intended for end users not entitled to enhanced protection in the event that they are without a seller on the free market or did not select one. The Authority, in implementing the decree of

the Italian Ministry for Economic Development of November 23, 2007, has assigned to AU the task of organizing and carrying out the contractual procedures for the selection of the companies that will provide the service, in accordance with the provisions of the Authority.

Supplies of last resort and of the default distribution service - Gas

Subject to the changes introduced by Legislative Decree no. 93/11, the service provision of last resort for vulnerable customers who are temporarily without a gas supplier, is provided to customers who are entitled to the protection service (domestic customers - including condominiums with consumption of no more than 200,000 cubic meters per year, utilities related to public service activities, other customers with consumption of no more than 50,000 cubic meters per year) by operators selected on the basis of competitive procedures run by Acquirente Unico. The decree of the Italian Minister of Economic Development of July 31, 2014, in the implementation of the provisions of Legislative Decree 164/00, as subsequently amended and supplemented, defined the guidelines for the Authority in order to identify the criteria and methods for the supply of natural gas, as part of the service of last resort, for the thermal years 2014-2015 and 2015 to 2016. The ministerial decree, among other things, determined that the Authority set forth the appropriate guidelines for AU for selecting, via public tender, the supplier of last resort (FUI), to be concluded in time for the service to be operational from October 1, 2014.

The Authority has therefore issued guidelines to AU for the trial of procedures of public evidence, for the period October 1, 2014 – September 30, 2016, for the identification of suppliers of last resort.

At the same time, for the same period, the Authority assigned to Acquirente Unico the task to manage the tendering procedures for the identification of the default natural gas distribution service, aimed at ensuring the balance of the distribution network, in relation to the take outs of natural gas made directly by the end customer holder of the delivery point, without a supplier, to whom the prerequisites for the activation of the supplier of last resort are not applicable, or when in any case it is otherwise impossible the activation (Resolution 418/2014/R/gas).

Energy Consumer Help Desk

Law no. 99/09 provides that the Authority can rely on AU to strengthen its activities of protection of the energy consumers, also with reference to the functions referred to in Article 2, paragraph 12, letters l) and m) of the Italian law dated November 14, 1995 no. 481.

Legislative Decree no. 93/11, implementing Directives 2009/72/EC and 2009/73/EC, provided, among other things, that the Authority will ensure the efficient handling of complaints and settlement procedures for end users, against sellers and distributors of natural gas and electricity, using AU.

According to these laws, the Authority has entrusted AU, starting from 1 December 2009, with the management of availability of a Help Desk for the energy consumer (hereinafter "Help Desk"), approving, to that end, the project pre-arranged by AU, operating until 31 December 2012, and the procedures for recognizing and covering of the costs.

With the approval of the proposed update of the Help Desk operational project for the 2013-2015 three year period, the Authority has also recognized the role of the Help Desk in the light of implementing EU framework provisions for the area referred to in the Italian Legislative Decree no. 93/11, with reference to the effective handling of customer complaints by end users against distributors and retailers of electricity and natural gas.

In December 2015, with the approval of the updating proposal transmitted by Acquirente Unico concerning the operation of the Help Desk project for the year 2016 (Resolution 600/2015 / E / com), the Authority has decided to continue to ensure, through the Help Desk run by AU, the availability to end users of electricity and gas and prosumers of the one-stop-shop referred to in Article 7, paragraph 6 of Legislative Decree no. 93/11 and the effective handling of complaints referred to in Article 44, paragraph 4, of Legislative Decree no. 93/11. The new operating project of the Help Desk is referred to a single year, because the possible evolution of the legal and regulatory framework allows making forecasts limited to 2016.

Energy consumer settlement service

The energy consumer's settlement service was established by the Authority, on the basis of the provisions of Italian Law no. 99/09 and by Legislative Decree no. 93/11, for the effective processing of disputes of end users against sellers and distributors of electricity and/or natural gas. This service joins the existing remedies, to provide end users with efficient, expeditious and inexpensive dispute resolution procedures.

For the implementation and management of the Service, the Authority has provided the availability of AU and approved the project operations prepared by it and regulations on how to cover the costs, for an initial pilot phase (12 months, starting from April 1, 2013), renewable by the Authority. At the end of the pilot phase, the Service sent a report to the Authority for the verification of its activities.

The Authority, concluding with a positive review of the operation of the Service and its impact on the areas concerned, set the renewal of the pilot phase for the period from April 1, 2014 until December 31, 2015, in line with the duration of the project of the Service and in line with the total budget already approved by the Authority.

In June 2015, the Head of the Consumers, Conciliation and Arbitration Affairs of the Authority, with its own resolution, in implementing the provisions of the Authority Board, approved an update of the

procedures for the registration and publication of the List of the energy and natural gas sale and / or distribution companies which have agreed to out-of-court dispute resolution proceedings.

Finally, in December 2015, the Authority adopted significant provisions for the Conciliation Service. In particular, the Authority approved the proposal, transmitted by AU, concerning a "bridge" project to assure continuity to the Conciliation Service for the year 2016 and for the activities preparatory and related to the development of a 2017- 2019 three-year project, while providing that Acquirente Unico shall send to the Authority, by July 15, 2016, a monitoring report of the Conciliation Service activities in the first six months of operation and related costs for the purposes of a possible project update for the year 2016, as well as of the monitoring of the activities preparatory to the development of the 2017-2019 project (Resolution 598/2015 / E / com).

The Authority considered it necessary to continue to ensure, for the year 2016, through the Conciliation Service, an effective processing of out-of-Court dispute resolution procedures for end customers in the regulated sectors, by means of a universal procedure, considering also appropriate to implement the preliminary and connected activities related to the development of a three-year project (2017-2019), with particular reference to interventions related to information technology platform, to be carried out during 2016, to ensure a proper operation from January 1, 2017.

The Conciliation Service has been registered by the Authority in the list of ADR bodies in accordance with Article 141-decies of the Consumer Code, as amended by the Legislative Decree 130/15 on the "Implementation of Directive 2013/11 / EU on alternative dispute resolution for consumer disputes, amending Regulation (EC) No. 2006/2004 and Directive 2009/22 / EC ".

Integrated Information System

The Italian Decree Law of July 8, 2010, no. 105 converted into Law on August 13, 2010, no. 129, (hereinafter "Law no. 129/10") established within Acquirente Unico the Integrated Information System (IIS) for the management of the information flows related to the electricity and gas markets, based on a database of collection points and identification data of end users.

In implementing this law, the Authority has established:

- the general criteria for the operation of the IIS;
- the covering of costs;
- the principle of the separation of accounts of foreign economic and financial activities related to the management of the IIS with respect to the other activities of the Company;
- the first information flows to manage.

The functionalities of the IIS were subsequently extended to the management of information related to the consumption of electricity and gas by end users and, therefore, data on related measures of consumption, by the Italian Decree Law of January 24, 2012, no. 1, converted into Law March 24, 2012, no. 27, in line with what is reported by Antitrust in the matter.

In addition, the Legislative Decree n. 102 of 2014 on energy efficiency matters has provided the possibility of the Authority, to rely, among other things, on the IIS, as part of the tasks conferred to the same by the above-mentioned Decree regarding metering and billing of energy consumption.

Within the general framework of process automation in the electricity industry, AU manages - also - the indemnity system, provided by the Authority to ensure compensation to the operator of the sale, in case of non-collection of the debt related to the bills of the last months of delivery of supply, before the effective date of switching. The indemnity system has been operating since 2011.

In the context of the definition of system processes that are to be entrusted to the IIS, the Authority, in the course of 2015, has completed the regulatory framework initiated in the previous biennium with regard to the electricity sector, providing for the management of transfer processes (resolution 419/2015 / R / eel), switching (resolution 487/2015 / R / eel) and measured data (resolutions 161/2015 / R / eel and 402/2015 / R / eel) while as regards to the gas sector, the first features of the IIS in terms of accreditation of trading partners, pre-check-in services and database management services, have been disciplined pursuant to the consolidated text for the settlement in the gas sector (resolution 418 / 2015 / R / com).

During 2015, the Authority also established, for the electricity sector, the data extension and updating of the official Central Registry of IIS (Resolution 628/2015 / R / EEL), to optimize the processes managed by the IIS and support paths of ongoing reform and, in both sectors, the introduction of application to application communication mode between the IIS and the larger operators, in order to ensure a more efficient process execution within the IIS (resolution 162 / 2015 / R / com).

Retail Market Monitoring

As of January 1, 2012, the retail monitoring system has commenced its operations. The system has been introduced by the Authority in order to verify the operating conditions of the sale of electricity and gas to households and small customers, the degree of openness, competitiveness and market transparency, and the level of participation and satisfaction of end users.

The Integrated Retail Monitoring Text (TIMR), approved by the Authority for this purpose, has provided for, among other things, the availability of AU, during the collection of data provided by subjects required to participate in the monitoring.

In particular, the activities carried out by AU in this area concern the operational phase of extracting basic data, supplied by the responsible parties, as well as support to the monitoring of the retail market. The method for covering the costs incurred by AU is regulated by the Authority itself.

Italian Central Stockholding Entity – OCSIT

In order to implement the EU Directive 2009/119/EC, which establishes the obligation for Member States to hold a minimum quantity of stocks of crude oil and/or petroleum products, the Italian government issued the Legislative Decree no. 249 of 31 December 2012, published in the Official Gazette no. 22 of January 26, 2013 and in force since February 10, 2013.

The measure, among other things, attributed to Acquirente Unico the functions and activities of Italian Central Stockholding Entity (OCSIT), providing in particular that OCSIT is to acquire, hold, sell, and transport “specific” stocks (finished products referred to in a list defined by the regulations) and can also organize and provide a service of storage and transport of emergency and commercial oil stocks.

As determined by the above-mentioned decree, the costs and expenses incurred by the Company to carry out OCSIT activities are covered by the contribution determined by the Italian Ministry of Economic Development, in consultation with the Ministry of Economy and Finance, and payable by the parties responsible, as identified annually by the Ministry of Economic Development, on the basis of what was released for consumption in the last year of the energy products listed in Annex C, Section 3.1, paragraph 1 of Regulation (EC) No. 1099/2008.

OCSIT is subject to the supervision of the Italian Ministry of Economic Development, which shall determine the guidelines for the exercise of its functions. With a decree of January 31, 2014, the Ministry of Economic Development has later adopted the guidelines to which the Company comply with for the operational start-up of OCSIT, also on the basis of the business plan that has been transmitted to the Ministry.

ECONOMIC FRAMEWORK

International outlook

In 2015, the global economic activity recorded a growth below expectations, due to various factors. According to the analysis of the Bank of Italy¹ (on OECD data and Consensus Economics), global economic conditions very heterogeneous and a particular weakness of the emerging economies have prevented a more robust growth.

According to the latest OECD estimates, global gross domestic product increased by 2.9% on average in 2015, while growth in OECD countries was approximately 2%².

In emerging countries, the economic cycle has followed a significant different trend. China's annual GDP growth has recorded the lowest value since 1990; for the second consecutive year, the increase of the real GDP (6.9%) was slightly lower than the stated goal (7%). India continues robust growth (7.2%), while in Brazil deepened the recession and Russia continued to fall in GDP (-4%).

The gross domestic product in advanced economies has registered a general improvement. In the United States there has been a growth in economic activity (2.4%); in the UK, growth was slightly lower than expected, but higher than in the OECD countries. In the Eur area, growth continued on its path, especially thanks to household spending, but the outlook remains fragile, also because of the geopolitical situation in some target markets.

International trade flows have grown only by about 2% in the year, even half the value estimated by the OECD in June, in particular because of the sharp fall in emerging countries in the first half of 2015.

In the Eur area, as an average in 2015, inflation measured by the Harmonised Index of Consumer Prices recorded a slightly positive value (0.2%³), even if driven down by the lower commodity prices of energy products (-5.9%). The conditions of the financial markets for the Eur area remained stable, thanks to the strengthening of the plan to purchase government bonds by the ECB, while from December tensions and uncertainties in the emerging economies stock markets were registered.

¹ Bank of Italy, Economic Bulletin, n. 1, January 2016

² OCSE, *Economic Outlook*, n. 98, novembre 2015

³ Bank of Italy, Economic Bulletin n.1, January 2016, page 11

Domestic outlook

In our country, inflation in 2015 stood at an average of 0.1% (harmonized consumer price index), registering a slow-down for the third consecutive year⁴.

For the year 2015, Italy's estimated GDP growth (adjusted for calendar effects) is equal to 0.7%⁵.

This positive trend reflects the contribution of the domestic demand (especially consumption), offsetting the reduction in trade with foreign countries.

Exports, in fact, recorded a slow-down, due to the fall in demand from non-European countries: in particular exports to China, OPEC countries and Turkey decreased.

Industrial production, on the whole in 2015, recorded a slight recovery for the first time since 2011, thus reinforcing business confidence. All major sectors contributed to this performance, except construction, for which, at least, the long recession phase has come to a halt.

Household spending continued to grow throughout the year, driven mainly by the purchase of durable goods. In particular, there has been a significant recovery in car registrations (15.7% over the previous year)⁶. The climate index of consumer confidence recorded in November a record high (since when detected first in January 1995), thanks in part to the rise in disposable income and the improvement in expectations on the labor market.

The number of employed persons has picked up during the year, especially among young people and in the services industry: the unemployment rate stood at 11.4%, for an annual trend change equal to -0.9%.

The data on youth employment has recorded the lowest level since 2012: among young people aged between 15 and 24 years, the unemployment rate reached 37.9%⁷.

Finally, in accordance with the calculation of the Bank of Italy, in 2015 it is expected a significant increase of national GDP of around 1.5%, helped mainly by the thrust of domestic demand, a strengthening of exchanges with foreign countries, and oil price decline.

⁴ ISTAT, Consumer Prices, January 16, 2016

⁵ Bank of Italy, Economic Bulletin, January 2016, page 39

⁶ Bank of Italy, Economic Bulletin, January 2016, page 25

⁷ ISTAT, Employed and unemployed, provisional data, February 2, 2016

FINANCIAL PERFORMANCE

Summary Financial statements

The income statement and balance sheet data for the financial year 2015 are shown in summary in the schedules set out in the following pages obtained by reclassifying the statutory accounting statements prepared in accordance with the Italian Civil Code. In addition to the reclassified schedules detailed analytical data are presented, concerning:

- operating costs, separately for the six macro-areas that comprise the activities of AU;
- the trend of operational costs, also in consideration of the spending review regulation;
- the result of financial management.

The main operating highlights are also summarized in an overall synthesis, as shown in the Table in the following page.

Main operating highlights

For the purposes of offering a brief presentation of the global operating trend of Acquirente Unico, in Table 1 are shown the main economic and financial data.

Table 1: Summary of the main operating data (Eur thousand)

	2015	2014	Change	% Change
From energy sales	4,186,871	4,965,068	-778,197	-15.67
Profit	196	335	-139	-41.49
Investments in specific stocks (OCSIT)				
- value at the end of the accounting year	184,803	74,247	110,556	148.90
Other investments (tangible and intangible assets)				
- value at the end of the accounting year	4,293	4,253	40	0.94
Shareholders' fund	8,920	9,790	-870	-8.89

Source: Internal, Acquirente Unico.

Reclassified Income Statement

Table 2: 2015 Reclassified Income Statement (Euro thousand)	2015	2014	Changes
Revenue:			
- from energy sales to companies serving the enhanced protection	4,186,871	4,965,068	(778,197)
- from hedging contracts	-	130	(130)
- Other revenue from energy	24,238	33,409	(9,171)
- Income to cover Help Desk costs	8,041	8,219	(178)
- Income to cover IIS costs	5,403	4,526	877
- Income to cover Retail Monitoring cost	196	213	(17)
- Income to cover Conciliation Service costs	364	262	102
- Income to cover OCSIT costs	5,553	1,988	3,565
- Revenue and other income	770	1,597	(827)
a) Total operating revenue	4,231,436	5,015,412	(783,976)
COSTS:			
- Purchases of energy	3,571,611	4,119,561	(547,950)
- Costs of hedging contracts	-	31,798	(31,798)
- Purchases of energy-related services	631,008	836,659	(205,651)
Total energy costs	4,202,619	4,988,018	(785,399)
- Other purchases of consumables	20	22	(2)
- Labor costs	12,566	12,327	239
- Provision of Services:	8,118	8,873	(755)
* Services by the parent company	1,742	2,384	(642)
* Other services (including related costs of storage)	6,376	6,489	(113)
- Leases:	5,402	2,253	3,149
* Charges for oil product storage service	3,823	665	3,158
* Other	1,579	1,588	(9)
- Contribution to AEEG operation	-	1,670	(1,670)
- Sundry costs	300	308	(8)
b) Total costs (not including amortization)	4,229,025	5,013,471	(784,446)
c) Gross operating margin (a-b)	2,411	1,941	470
d) Depreciation and devaluations	2,072	1,374	698
Total Operating Costs	4,231,097	5,014,845	(783,748)
e) Operating income (c-d)	339	567	(228)
- Net financial income	56	552	(496)
Profit before extraordinary items and taxes	395	1,119	(724)
- Net extraordinary charges	(25)	(585)	560
Profit before taxes	370	534	(164)
Taxes on income for the year	174	199	(25)
- Current taxes	713	1,300	(587)
- Deferred taxes	(373)	(756)	383
- Advance taxes	(166)	(345)	179
PROFIT FOR THE YEAR	196	335	(139)

Source: Internal processing, Acquirente Unico.

Revenue

The **Total operating revenue** (Table 2), equal to Eur 4,231,436 thousand, was generated in particular from the activity of the energy sale to companies serving the Enhanced Protection Market (EUR 4,186,871 thousand). Income from energy sale, in addition to covering the cost of supply of electricity and related services (eg. dispatching etc.), include the fee for energy operation costs, in the adjusted amount quantified by adopting the rate of return on capital before taxes, according to the methodologies applied by AEEGSI (EUR 8,490 thousand).

Among the total operating revenue are also recognized other income related to energy (unbalancing fees, etc.) amounting to EUR 24,238 thousand, income to cover the operating cost of activities carried out by polling arrangements, those related to IIS and OCSIT, and finally other income and profit.

As a whole, operating revenue recorded a decrease of EUR 783,976 thousand compared to the previous year. The decrease was due to lower income from the sale of electricity to enhanced protection service operators (Eur 778,197 thousand), as a direct consequence of the decrease in the cost of electricity supply, since the economic management of electricity purchase occurs within the economic breakeven regime.

Operating costs

Total operating costs, as evidenced in the Reclassified Income Statement (Table 2), before depreciation, amortization and impairment losses, amounted to EUR 4,231,097 thousand, of which EUR 4,202,619 thousand were for the purchase and sale of energy (including energy related services), EUR 24,316 thousand for operating expenses and EUR 4,162 thousand for running costs of petroleum products stocking (generated by the sum of for stocking service fees, transaction costs, including in the other services and impairment of natural escort declines sub-item, incorporated in depreciation and amortization and write-downs items).

Energy purchase costs refer as to Eur 3,571,611 thousand to the purchases of electricity and Eur 631,008 thousand to the acquisition of energy related services (dispatching and other). This item also shows, as a whole, a decrease of Eur 785,399 thousand compared to the previous year.

Because of the dynamics of the cost of electricity purchases and related services, the decrease of EUR 785,399 thousand, shown in Tables 3 and 4, is due to the combined effect of the reduction in transactions of physical quantities (-961,500 MWh, equal to -1.53% over the previous year) and to the decrease in the

average unit cost of purchase, including services (-11.48 €/ MWh, corresponding to a change of 14.44% over 2014).

Table 3: Costs of energy purchases (Eur thousand)

	2015	2014	Change	Change %
Costs of electricity supply	4,202,619	4,988,018	(785,399)	-15.75%

Source: Internal Processing, Acquirente Unico.

Table 4: Change in benchmark purchase costs

	2015	2014	Change	Change %
Quantity in MWh	61,764,800	62,726,300	(961,500)	-1.53%
Unit cost (€/MWh)	68.04	79.52	(11.48)	-14.44%

Source: Internal Reporting, Acquirente Unico.

The **operating costs** of EUR 24,316 million in 2015 are related to the administration of the structure, in the different areas in which AU operates. In terms of the specific operating costs item, the most significant changes compared to the 2014 financial statements consist of the costs for the provision of services (- EUR 755 thousand) and the cost for the contribution to the operation expenses of AEEGSI (- EUR 1.67 million). The latter change is justified, as widely reported in the specific sections of the Notes, with the different methods of accounting entry adopted for this item, as of 2015, as a result of regulatory changes that have occurred in the meantime.

The chart presented below (Table no. 5) illustrates the breakdown of operating costs for the respective area of activity, comparing the 2015 figures with those of the previous year.

Table 5: Operating costs for area of activity (Euro thousand)

OPERATING COSTS	2015	2014	Change	Change %
Energy Area	8,761	11,329	(2,568)	(22.7)
Consumer Help Desk ¹	8,074	8,228	(154)	(1.9)
Integrated Information System - IIS	5,529	4,798	731	15.2
Italian Central Stockholding Entity - OCSIT	1,392	1,280	112	8.8
Retail monitoring	196	213	(17)	(8.0)
Conciliation Service	364	262	102	38.9
Total	24,316	26,110	(1,794)	(6.9%)

1) Gross amount including penalties applied to the external provider of call center services

Source: Internal Processing, Acquirente Unico.

The total operating cost (EUR 24,316 thousand) are attributable to the management of the Electricity Division (EUR 8,761 million), the services provided by the Consumer Help Desk (EUR 8,074 thousand), the implementation and management of the Integrated Information System (EUR 5,529 thousand), the operational management of OCSIT – Italian Central Stockholding Entity for EUR 1,392 thousand, the activity of Retail Monitoring for EUR 196 thousand and, finally, to the services supplied by the Conciliation Service, for EUR 364 thousand.

In terms of changes from the previous year, it should be noted that in 2015 operating costs were down for EUR 1,794 thousand, that is from EUR 26,110 thousand in 2014 to EUR 24,316 thousand in 2015. The

savings were mainly recorded in the Energy Area, with a decrease of EUR 2,568 thousand, partially contained by the increase in costs of the IIS (+ EUR 731 thousand) and of other areas, for the development of activities.

The reduction in the total operating costs, which occurred despite the usual increase in charges for certain areas of activity, due to the changes in the operations is attributable, inter alia, to efficiency measures already initiated in previous years and continued in 2015.

Finally, again as part of the operating costs, are recognized the **stocks of petroleum products operating costs**, related to OCSIT (EUR 4,162 thousand); this item costs consist of the cost of fees for the stocking of petroleum products services (EUR 3,823 thousand), from stocking related charges (EUR 161 thousand), included in the "other services" sub-item and the resulting write-downs to the so called natural losses of product (EUR 178 thousand), the latter being included under the heading "Depreciation and impairment".

The table below shows the trend in total operating expenses (net of amortization and impairment) in the three years from 2015 to 2013.

Table 6. Trend of the total operating costs in the 2015-2013 period

(Euro thousand)	2015	2014	2013	Changes 2015 vs 2014	Changes % 2015 vs 2014	Changes 2015 vs 2013	Changes % 2015 vs 2013
Procurement operating expenses of Electricity	4,202,619	4,988,018	5,988,295	(785,399)	(-15.7%)	(1,785,676)	(-29.8%)
Management operating expenses of oil product stock	3,984	709	-	3,275	461.9%	3,984	n.d.
Operating costs	22,422	24,744	25,466	(2,322)	(-9.4%)	(3,044)	(-12.0%)
Total	4,229,025	5,013,471	6,013,761	(784,446)	(-15.6%)	(1,784,736)	(-29.7%)

Source: Internal, Acquirente Unico.

As far as the “spending review” provisions are concerned (art. 20 of the Law of June 23, 2014, no. 89)⁸, the trend of the operating costs, individually listed in macro-areas and shown net of amortization and write-

⁸ “In order to pursue greater efficiency and the control of public spending, the companies with total direct or indirect State shareholding and the companies directly or indirectly controlled by the State pursuant to Article 2359, paragraph 1, no.1) of the Italian Civil Code, whose minority shareholders are the public entities referred to in Article 1, paragraph 2, of Italian Legislative Decree 30 March 2001, no. 165, and government-owned businesses, with the exception of those whose financial instruments are listed on regulated markets, achieve, in the 2014-2015 period, a reduction in operating costs, excluding amortisation and fixed asset write-downs and make provisions for contingencies at not less than 2.5 percent in 2014 and at 4 percent in 2015. In calculating the reduction in the previous period are included the savings to be made under this Decree (paragraph 1). In order to quantify the savings mentioned in paragraph 1, reference is made to the Profit & Loss account items and their values resulting from the approved financial statements for the year 2013 (paragraph 2). [...]”

downs, is represented in the diagram below, which compares the 2015 data with those of the previous year and of 2013, the year of reference for the spending review policies in accordance with the above-mentioned law.

Table 7: Operating costs analyzed pursuant to the “spending review” regulation

	2015	2014	2013	Change 2015 vs 2014	Change % 2015 vs 2014	Change 2015 vs 2013	Change % 2015 vs 2013
Raw materials, supplies, consumables, and goods – not energy related	20	22	41	(2)	(9.1%)	(21)	(51.2%)
For services, not including energy services and OCSIT incidental	7,957	8,829	9,251	(872)	(9.9%)	(1,294)	(14.0%)
For use of third-party assets, not including fees for stock storage	1,579	1,588	2,041	(9)	(0.6%)	(462)	(22.6%)
For labor	12,566	12,327	11,719	239	1.9%	847	7.2%
Other operating expenses –not including energy contingent liabilities	300	1,978	2,414	(1,678)	(84.8%)	(2,114)	(87.6%)
Total	22,422	24,744	25,466	(2,322)	(9.4%)	(3,044)	(12.0%)

Compared to 2013, operating expenses declined by 12%, thus meeting the targets indicated by the law.

As regards to the methods of covering operating costs, the fees related to the **Energy Electricity Area (EUR 8,761 thousand)**, net of other income pertaining to the same area (EUR 613 thousand), are covered by the adjusted remuneration for the year 2015, calculated according to the algorithms adopted by AEEGSI. The excess between the amount of the consideration and the amount of the net operating expenses to be covered contributes to the pre-tax return on invested capital.

With regard to the costs incurred by AU in 2015 for operating the other business areas that are part of the Company, the following is noted:

- the costs of the activities granted by the Authority (Consumer Help Desk, Retail Conciliation Service, and Retail Market Monitoring) are covered by payments made by the Energy and Environmental Services Fund, upon the prior approval of the Authority at the end of the regular reporting procedures;
- the costs of the Integrated Information System are covered through a fee charged to the customers the enhanced protection electricity market on a monthly basis, to the companies serving the energy free market and to the gas operators;
- finally, the cost of the OCSIT operations is met by the contribution charged to the specifically concerned petroleum operators (Legislative Decree 249/2012).

Operating profit

The **Operating Gross Margin** was positive, amounting to EUR 2,411 thousand, compared with the amount of the previous year of EUR 1,941 thousand.

With depreciation and write-downs (EUR 2,072 thousand) deducted, an **Operating Profit** of EUR 339 thousand is achieved, compared to a total of EUR 567 thousand in the previous year.

Financial management results

The results of the financial management and the reasons for its performance are shown in the table below.

Table 8. Financial management results: 2015 – 2014 comparison (Eur thousand)

	2015	2014	change
Interest income on bank current accounts	40	244	(204)
Interest and penalties for late payment from operators	305	394	(89)
Other financial income	2,288	1,069	1,219
Gross financial income	2,633	1,707	926
	2015	2014	change
Interest expense on medium-term financing	2,289	1,045	1,244
Interest expense on short-term borrowings	44	47	(3)
Other financial charges	244	63	181
Total financial expenses	2,577	1,155	1,422
NET FINANCIAL INCOME	56	552	(496)

Source: Internal, Acquirente Unico.

In 2015, net financial income amounted to EUR 56 thousand, compared with EUR 552 thousand in the previous year.

It should be noted, that the financial charges on loans granted to OCSIT, particularly related to medium-term financing used for the purchase of stocks of petroleum products, are offset by other financial income. In this item it was recorded, as shown in the Notes, the share of the contribution due from petroleum operators for OCSIT charges, specifically related to the covering of financial costs incurred in the management of OCSIT pursuant to the cost-income accounting principle. The offset of the net financial result is attributable, firstly, to the decline in interest income on banking checking accounts (- EUR 204 thousand), as well as in interest and penalties for late payment to operators (- EUR 89 thousand). Also, the

decline in market rates (Euribor), as well as the contraction of the average amounts of cash available impacted on this trend.

The decrease on net financial income was also affected the increase of the amount of other financial charges (+ EUR 181 thousand), mainly due to the increased burden incurred for the guarantees granted.

Pre-tax profit

The pre-tax profit is equal to EUR 370 thousand, compared to EUR 534 thousand in 2014. The result follows the application of a rate of return before taxes of 3.91% on the net capital of AU, pursuant to the calculation methodology constantly adopted by AEEGSI.

Profit for the year

The net profit for 2015 amounted to EUR 196 thousand, as against EUR 335 thousand for 2014. The slight diminution was due to the decrease in pre-tax profit before taxes, discussed above.

Reclassified Balance Sheet

Table 9 shows details of the reclassified Balance Sheet as of 2015 year end compared with 2014.

TABLE 9: SUMMARY OF EQUITY STRUCTURE FOR 2015

<i>Euro thousand</i>	31.12.2015	31.12.2014	Change
NET ASSETS			
<i>Intangible Assets</i>	3,275	3,113	162
<i>Tangible assets</i>	185,821	75,387	110,434
<i>Financial fixed assets</i>	326	270	56
	189,422	78,770	110,652
NET WORKING CAPITAL			
<i>trade receivables</i>	738,087	915,146	(177,059)
<i>due from parent company</i>	5,128	4,014	1,114
<i>receivables from Energy & Environmental Services Fund</i>	4,634	5,165	(531)
<i>other assets</i>	1,405	776	629
<i>trade creditor</i>	(716,608)	(880,082)	163,474
<i>amounts due to parent company</i>	(327)	(275)	(52)
<i>payable to the Energy & Environmental Services Fund</i>	(335)	(111)	(224)
<i>other liabilities</i>	(10,690)	(11,015)	325
Total	21,294	33,618	(12,324)
INVESTED CAPITAL	210,716	112,388	98,328
VARIOUS FUNDS	(2,063)	(2,205)	142
INVESTED CAPITAL NET OF FUNDS	208,653	110,183	98,470
COVERAGE			
SHAREHOLDERS' FUNDS	8,920	9,790	(870)
<i>Share Capital</i>	7,500	7,500	
<i>Legal reserve</i>	1,099	1,083	16
<i>Available reserve</i>	125	872	(747)
<i>Profit for the year</i>	196	335	(139)
NET FINANCIAL INDEBTEDNESS (CASH)			
<i>Net debt to banks in the short term</i>	14,887	22,398	(7,511)
<i>Net debt to banks in the medium and long term</i>	184,850	78,000	106,850
<i>Cash and cash equivalents</i>	(4)	(5)	1
Total	199,733	100,393	99,340
TOTAL	208,653	110,183	98,470

Source: Internal Reporting, Acquirente Unico.

Invested Capital

Total Assets (EUR 189,422 thousand as of 31 December 2015) show a significant increase (EUR 110,652 thousand) over the previous year, mainly due to the development of OCSIT's investments in oil stock. The increase is due, in fact, to the investment in the procurement of an additional two oil stock days occurred during 2015.

Net working capital of EUR 21,294 thousand, is mainly formed by customers' receivables (enhanced protection service operators and, to a much lesser extent, other counterparties) amounting to EUR 738,087 thousand and suppliers' payable, of EUR 716,608 thousand. Invested Capital (including intangible assets) amounts to EUR 210,716 thousand, which amount is reduced to EUR 208,653 thousand, net of various provisions.

Sources

Shareholders' fund is total to EUR 8,920 thousand, including the Net Profit for the accounting year of EUR 196 thousand. The decrease compared to the previous year (- EUR 870 thousand) is mainly due to the distribution of available reserves in the year.

The difference between capital employed (net of provisions) and shareholders' funds resulting primarily from net debt (including the amount of funding aimed at supplying inventory to OCSIT, equal to EUR 184,850 thousand), amounted to EUR 199,733 thousand at the end of 2015. It is noted that the short-term debt is due to a fixed-term bank overdraft, for the non-collection of trade receivables from enhanced protection service operators, which expired in December. These debts were almost entirely collected in January 2016, thus leading to the balancing of the debt position in question.

ACTIVITY IN ENERGY MARKETS

Total electricity demand

In 2015, the Italian national electricity demand has been equal to 315.2 TWh ⁽⁹⁾, with an increase of 1.5% compared to 2014 (during which a further 3% increase over 2013 was registered). On a seasonally adjusted basis, the variation has been equal to 1.3%. The monthly changes over the previous year were all positive, except for the months of January, April, May, and June.

Electricity demand for the enhanced protection service

The consistency of supplies in the enhanced protection service - as a result of closures, of new connections, moves to the free market and the return in the protected market – decreased in 2015 of approximately 1.3 million users, thus moving from 24.8 million at the end of 2014 to 23.5 million at the end of 2015.

The electricity demand for the enhanced protection service in 2015 has been equal to 61.8 TWh with a share on the total demand of 19.6% (20.30% in 2014).

Consumption and oil price trends

In 2015, the global demand for crude oil registered a slightly positive change, rising to 94.6 million bbl/d, compared to 92.7 million (updated data) in 2014. Such increase, equal to 1.9 million bbl/d may be partly explained by the decrease in prices, notwithstanding the slow-down in the global economy. In particular, also OECD countries, after several years, have come back to a positive growth (+1.1%).

Crude oil prices in 2015 recorded a sharp drop, falling from 99 \$/bbl of 2014 to 52,6 \$/bbl (-47%). The price of Brent peaked during the year, quoting 64.3 \$/bbl in May. The minimum was recorded in August, with a price of around 39.6 \$/bbl. Brent in EUR terms decreased by 36%, dropping from 74.44 a 47.39 €/bbl.

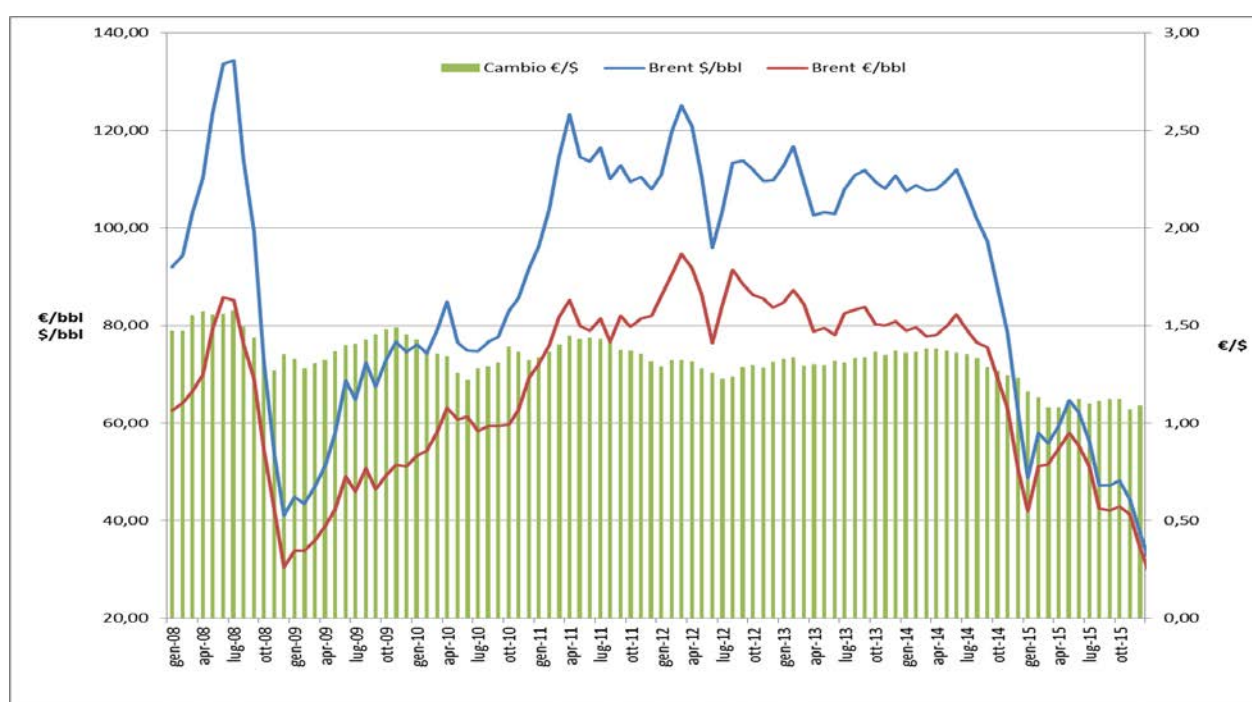
The International Energy Agency (IEA) has forecasted that world oil demand in 2016 will increase by about 1.2 million bbl/d, thanks to the trend of growth in consumption from non-OECD countries, with an estimated total demand of about 95.8 million bbl/d.

⁹ Source Terna SpA monthly report on the electrical system at end December 2015. This report also updates the figures of the previous financial year

Trend of the EUR/dollar exchange rate

The Eur/dollar exchange rate in 2015 showed a lower volatility than the previous year. During the year, it has moved from an average of about 1.16 €//\$ in January to about 1.09 €//\$ in December, showing a downward trend during the year. The average annual rate stabilized at 1.11 €//\$. The maximum was recorded in 2015, in the month of January with a rate of 1.16 €//\$. The minimum for 2015 was reached during the month of November with 1.07 €//\$.

Chart 1: Brent price vs Eur/Dollar 2008-2015



Source: Brent prices (Bloomberg); EUR/USD exchange (Bank of Italy)

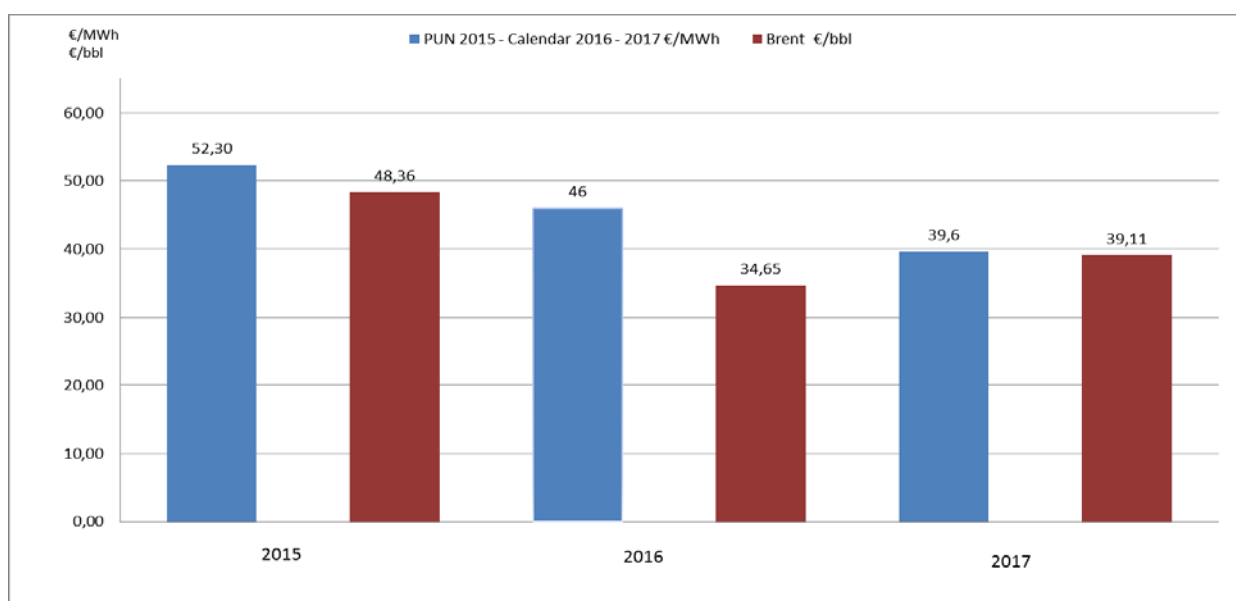
Trends in the price of electricity

In 2015, the energy traded in the Day-Ahead Market has registered a growth, ending the downturn that began in 2011. The increase compared to the energy exchanged in the previous year amounted to + 1.8%.

The liquidity of the electricity market, which in 2014 was equal to a value of 65.9% gained nearly 2 basis points, and it now stands at 67.8%. 2015 has seen a dramatic reduction in the Forward Energy Market (FEM).

The Annual 2016 base-load Product closed the trading period at EUR 46.33 / MWh, while the 2016 Annual Peakload Product ended the trading period at EUR 52.49 / MWh. The graph of Figure 2 shows for 2015 the average value of the PUN and the Brent Swap and, for 2016 and 2017, the average annual baseload product and its Brent Swap.

Chart 2: PUN and Brent trends



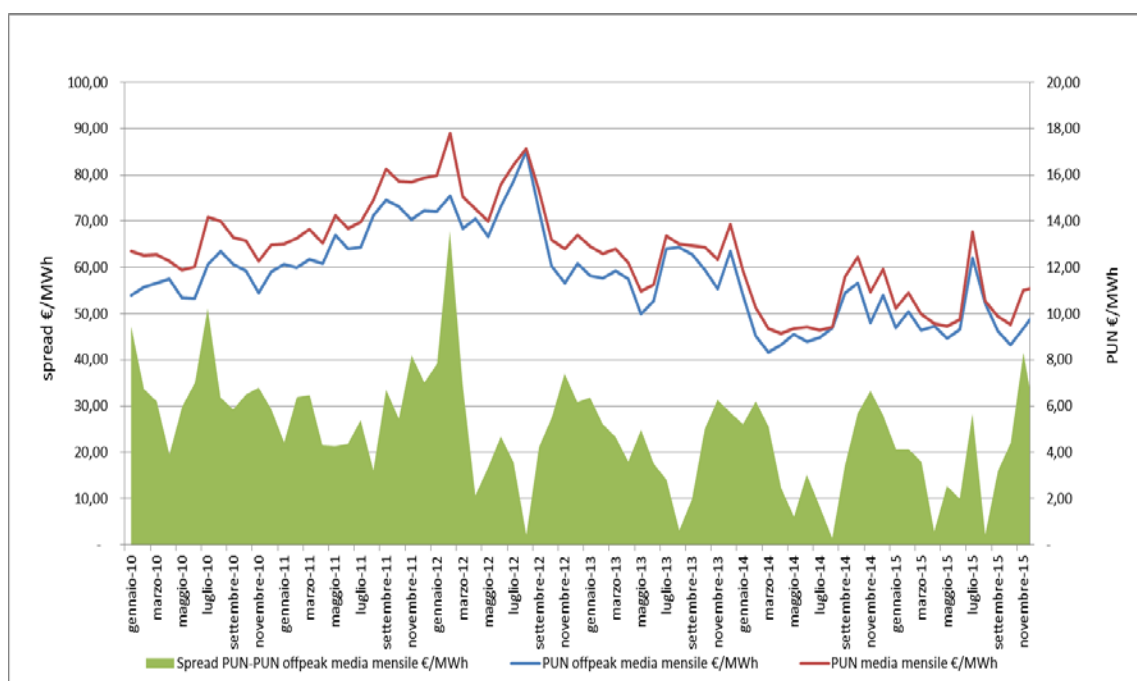
Source: Brent price (Bloomberg); PUN (Energy Markets Manager – GME S.p.A.)

At peak hours the price marked a record low, reaching a price of 59.28 EUR/ MWh; in off-peak hours, the price has increased compared to the previous year with the price up to 48.58 EUR/MWh. The price peak/baseload ratio equal to 1.13, is thus confirmed in line with the low levels of the previous four years. A very significant change that has affected the performance of the SNP in the last four years is highlighted in figure 3, in which are represented the average monthly SNP (all hours of the month) and the SNP in the Off-Peak hours (from 20.00 to 08.00 for the days from Monday to Friday, and all hours on Saturday and

Sunday). The difference between the SNP and Off-Peak SNP amounted to 6.7 EUR/MWh in 2010, 5.5 EUR /MWh in 2011, 5.4 EUR /MWh in 2012, 4.05 EUR /MWh in 2013, 3.89 EUR /MWh in 2014, and 3.69 EUR /MWh in 2015.

Furthermore, as regards the SNP in the F1, F2, F3 bands in the period from April 2015 to June 2015, and the month of August, the F2 price band was systematically higher than that in F1, confirming a phenomenon that had already occurred in the previous year. This is a trend that can be attributed to a weak demand for electricity compared to the availability of generation plants, especially with regard to the strong spread of production from renewable sources, in particular fotovoltaic to which, as it is known, is mostly due the so-called peak shaving, namely the reduction of the SNP during peak hours.

Chart 3: SNP 2010-2016 price change ⁽¹⁰⁾



Source SNP data: Gestore dei Mercati Energetici – GME S.p.A.

¹⁰ SNP: art. 42.2, comma c of the Integrated Regulation on Electric Market, approved by Ministry Decree dated December 19, 2003, as further amended.

Electricity supply

AU purchases energy to cover the demand for the service of Enhanced Protection, through a purchase program that meets the requirements of cost-effectiveness and transparency, consistent with reference market trends.

Based on the forecasts of needs, analyzing the fuels market and the trend in the prices of energy products, defines the purchase portfolio of diversifying the hedging channels.

The table below shows, by type of supply, the comparison between 2015 and 2014 of purchases for the Enhanced Protection market.

Table 10: Supply of energy for the service of Enhanced Protections 2015 vs 2014

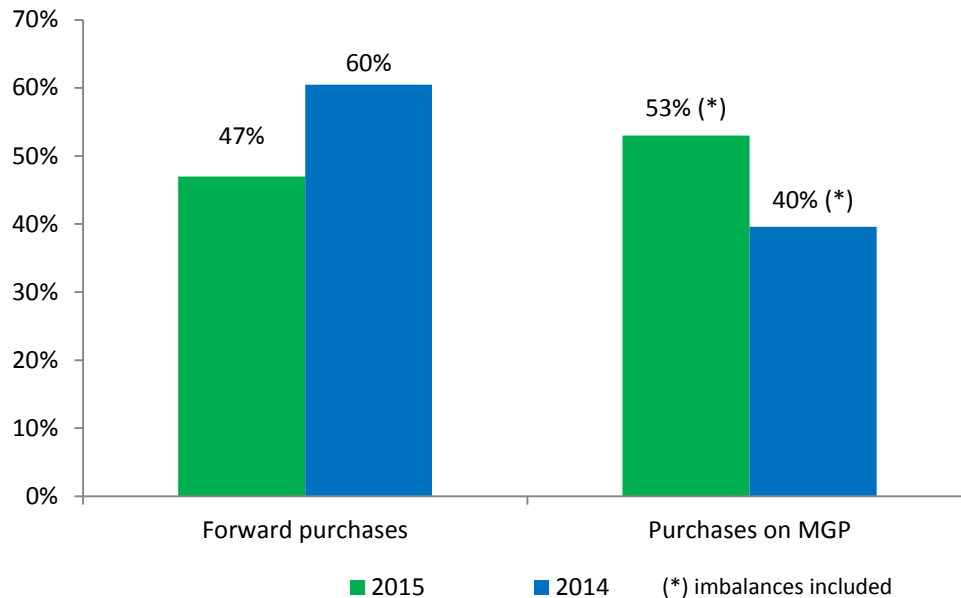
Type of supply	2015		2014		Change (2015 vs 2014)	
	GWh	%	GWh	%	GWh	%
a) Forward purchases						
Physical contracts:						
a.1) domestic	13,849.6	22.4%	32,981.4	52.6%	-19,131.8	-58.0%
a.2) MTE	15,242.4	24.7%	4,950.8	7.9%	10,291.6	207.9%
Total forward contracts (a.1+a.2)	29,092.0	47.1%	37,932.2	60.5%	-8,840.2	-23.3%
b) Purchases on MGP	31,561.7	51.1%	25,386.8	40.5%	6,174.9	24.3%
c) Imbalances	1,111.1	1.8%	-592.7	-0.9%	1,703.8	-287.4%
Total energy purchases (a+b+c)	61,764.8	100.0%	62,726.3	100.0%	-961.5	-1.5%

Source: Internal Reporting, Acquirente Unico.

Evidencing in brief the coverages on the basis of the type of supply, the portfolio is divided into:

1. Forward purchases (physical national contracts; MTE);
2. Purchases on the MGP.

Chart 4: Types of supply 2015 vs 2014



The comparison between the portfolio shows, between 2015 and 2014, the reduction of forward purchases (47% vs 60%) and the substantial increase in purchases of MGPs (53% vs 40%).

The annual average cost of supply (excluding the costs related to the energy services) in 2015 was 57.43 EUR / MWh, compared with EUR 65.65 / MWh in 2014.

Purchase portfolio

In 2015, the decisions on diversification led to 47% hedging requirements through forward contracts and to 51% purchases on the Electricity Exchange (MGP). The imbalance in 2015 was positive and amounted to 2% of the energy requirement. Below is the breakdown for each type of purchase.

Energy obtained through physical contracts

The energy purchased in 2015 through physical contracts was equal to 29,092 GWh, split up as follows:

- a. National physical bilateral contracts, amounting to 13,850 GWh;
- b. Purchases on the MTE, amounting to 15,242 GWh.

National Physical Bilateral Contracts

AU has selected counterparties for bilateral contracts through national physical auctions held online via the special web portal, in order to ensure greater competition among suppliers and transparency in the selection of the successful contractor.

The energy, underlying all the bilateral physical contracts stipulated for 2015, amounted to 13,850 GWh.

MTE

MTE, the futures market managed by GME, represents a further supply channel for AU. Products have been purchased through daily product trading, with the basic profile and 2015 peak totaling 15,242 GWh.

Energy supplied through the bidding system (Power Exchange)

AU operates daily on the Power Exchange, entering their bids on the Day-Ahead Market (MGP). The supply of MGPs is valued at NSP and corresponds to the portion not covered by the requirement of physical contracts.

In 2014 supplies through purchases of MGPs amounted to 31,562 GWh.

Unbalances

Under AEEG Resolution no. 111/06, in 2015, the time offsets between final and binding program (purchases on the Power Exchange and physical contracts), to cover the energy needs of the Enhanced Protection market, totaled 1,111 GWh, equivalent to 2% of total requirements.

Risk management

In 2015, purchase contracts at a physical term (national physical bilateral contracts and MTE), such as operational tools to hedge the price risk, were adopted. The value of the physical forward purchases of electricity supplied for the year 2016 as a result of the agreements already concluded and, therefore, the already defined commitments, has been appropriately highlighted in the context of the memorandum accounts and shown in the Notes.

Costs of energy supply

Energy supply costs for 2015, including service costs and net of the profits other than transfer (unbalancing etc.), amounted globally to EUR 4,178,381 thousand, of which EUR 3,547,373 thousand was for the purchase of energy and the remaining EUR 631,008 thousand for dispatching and other service costs (Table 11)

Table 11: Energy supply costs (Eur thousand)

Energy purchase cost	2015	2014	Change
Total cost of energy purchases net of hedging/other profits	3,547,373	4,117,820	(570,447)
Total dispatch cost	625,834	831,445	(205,611)
Total cost for other services	5,174	5,214	(40)
Total cost for dispatch and other services	631,008	836,659	(205,651)
Total cost of energy purchases net of hedging/other profits	4,178,381	4,954,479	(776,098)

Source: Internal Reporting, Acquirente Unico

Transfer of electricity to companies operating in the enhanced protection service

The companies providing the enhanced protection service

In 2015, 120 companies were providing the enhanced protection service.

Billing of Electricity transferred by AU

The monthly amount invoiced by Acquirente Unico to the operators of the enhanced protection are defined according to the methodology of the "Load Profiling", as provided by AEEG resolution no. 118/03, subsequently amended by ARG/elt 107/09 (Integrated Text Settlement, TIS). In particular, the removal of residual area attributed to Acquirente Unico, communicated by the relevant distribution companies, is divided among all of the operators in accordance with their respective energy shares directed to the clients of the protected market.

In 2015, following the settlement of balances by Terna with dispatching users, Acquirente Unico made balancing adjustments for all operators of the enhanced protection service for the energy sold in 2014, as well as for the late adjustments for the years 2014 and earlier, for the belated adjustments for 2013 and previous years up to 2009.

Sale price

The sale price of electricity for companies serving enhanced protection is determined by the criteria set by AEEG resolution no. 156/07 and is equal to the sum of three components:

- a) the weighted average unit costs incurred by the Acquirente Unico in the hours included in a given time slot (F1, F2, F3), for the respective amounts of electricity;
- b) the unit cost incurred by AU as a dispatching user for the enhanced protection service in the hours included in the said bands;
- c) the unit price recognized for AU for the business of purchase and sale of electricity for the enhanced protection market.

Table 12 shows the trend in the sale price in individual months of 2015.

Table 12: Sale prices (€/MWh)

Range	January	February	March	April	May	June	July	August	September	October	November	December
F1	73.469	74.150	69.876	63.565	68.253	67.367	87.145	66.174	67.951	67.224	80.10	74.33
F2	69.079	72.511	70.371	72.232	70.171	67.978	82.048	72.353	67.655	65.455	69.08	71.34
F3	60.450	61.552	61.438	61.663	59.207	61.286	69.207	64.662	58.488	55.815	53.47	57.08
Average	67.424	69.548	67.112	65.166	65.365	65.330	79.549	67.246	64.718	63.048	67.808	66.904

Source: Internal Reporting, Acquirente Unico.

Safeguard Service – Electricity

In the implementation of the Authority's directives, Acquirente Unico held in the month of November 2013 the tendering procedures for the award of the current safeguard service which duration has been extended from two to three years by the decree of the Minister of Economic Development of November 6, 2013, with effect from January 1, 2014. Upon completion of the foregoing procedures, Enel Energia S.p.A. and Hera Comm Srl were declared as the winners.

During 2016, presumably, Acquirente Unico will manage a new competitive procedure for the selection of the new operators of the Safeguard Service, for the supply of the years after 2016.

Supplier of last resort and Default distribution service - Gas

Based on the guidelines provided by the Authority, in the month of September 2014, Acquirente Unico has carried out the tendering procedures for the identification of suppliers of last resort and default distribution service of natural gas for the thermal years 2014-2016.

For the last-resort supply service, Eni S.p.A. and Enel Energia S.p.A. were the winners, while for the default service, winners were Hera Comm S.r.l. and Enel Energia S.p.A.

ACTIVITIES IN SUPPORT OF OPERATORS AND END USERS

Energy consumer Help Desk

2015 was the sixth year of operation of the Help Desk, which operates in accordance with the 2013-2015 Operating Plan, approved by the Authority, and in compliance with the procedures and service levels provided by the new Help Desk rules (Resolution. 548/2012/E/com, updated on June 19, 2014 by resolution 286/2014/R/EEL).

In 2015, the Help Desk pursued the aim of consolidating its business model, according to the service level objective (SLA) agreed with the Authority, implementing actions to improve the quality and effectiveness of the support provided to end users and energy consumers-producers, for the resolutions of the complaints against sellers and distributors of electricity and gas and the GSE in the Italian territory.

The actions put forward during the year have permitted the achievement to a large extent of the SLA objectives, confirming the Help Desk as a reference point for domestic and non-domestic consumers of electricity and gas, that can offer valuable support in the quick and easy solution of disputes with operators and in the acquisition of the necessary information to know his/her own rights, facilitating the conscious choice of their energy supplier, reducing information asymmetries in the market, and making operational economies to the system, such as the reduction of litigation before the courts.

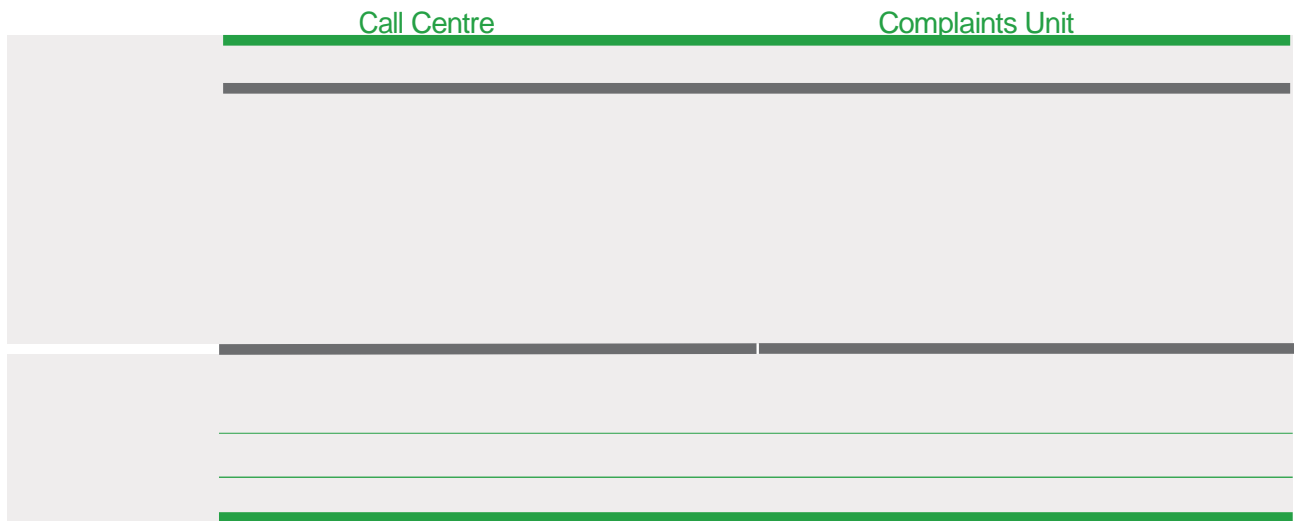
Also through a preliminary investigation on the complaints and reports from consumers following lacking or unsatisfactory response from the operators, the Help Desk supports the Authority in identifying:

- misconduct and non-compliance with local regulations by one or more operators, providing all relevant information for the analysis of the situations identified and collaborating in the organization and closure of proceedings activated by it;
- integrations or changes in the regulation, in order to overcome the problems that emerged in the evaluation of the reports and/or complaints.

The service, offered free of charge to end-users, energy consumers-producers, consumer associations and other delegates, concerning complaints and requests for information on the electricity and gas market in terms of *Billing, Consumer, Contracts, Free market, Prices and rates, Connections/works, Electric and gas bonus, Gas insurance, Unsolicited contracts, Delinquencies sanctions*, replying to requests for information on settlement

procedures made available to it both by the Authority (Energy Customers Conciliation Service), and by Consumer Associations (joint settlement).

The chart below shows the Help Desk internal structure, indicating the channels and contacts available:



The service provided by the **Complaints Unit** is assessed according to a set of very stringent service levels (known as SLA), agreed with the Authority and capable of “measuring” case management and the quality of actions activated by the Help Desk.

In the same way the **Call Center** has to meet the SLAs provided by ARG/com no.164/08, the Consolidated Text for the regulation of the quality of the sale services for energy and gas (hereinafter, TIQV) such as accessibility to the system, average operator waiting time and the level of service. This legislation, concerning companies providing the sale of electricity and gas, has been extended to the Help Desk with the aim of ensuring the “*best practices*”. This represented a significant change in the way information services to the consumer are managed.

In this context the Help Desk, through the efforts of a team of **120** employees supported by a Co-sourcer in the management of the call center, has set up a set of organizational and technological skills and a deep understanding of the regulation of the sector and the management of relationships with all the players in the energy market.

In 2015 the Help Desk, strong of these skills and in close cooperation with the Authority and with the constant open discussion with more than **500** operators, has managed:

- **416,060** inquiries received at the 800 166 654 toll free number,
- **40,000** inquiries and reports sent by electricity and gas consumers and by consumer-producers of electricity, Associations and other delegates,
- **42,350** replies received by operators and customers or their delegates in response

to requests made by the Help Desk to get the information useful for the evaluation of the various situations.

The Help Desk has today facilitated the resolution of over **225,825** complaints received from the beginning of its activity (97% of total requests to the Complaints Unit), and in a relatively short time, equal to an average of **55** working days in case of the need for response from one or more operators, which are reduced to **8** days if no response is needed for the handling of the case. The Help Desk is required to submit monthly and quarterly Reports to the Authority, detailing its results and identifying proposals to strengthen consumer protection; since 2015, the complaints management service is being surveyed for customers’ satisfaction purposes at the moment of the closing of the complaint by the clients

(the Call Center service is evaluated from the filing of the compliant through the protocol “Let's put our face on it”).

The performances of the Help Desk are therefore fully monitored and the results made public on the Help Desk and Authority websites. In 2015, 89% of consumers and 81% of the operators that contacted the Help Desk used the **on-line channel**; in this year, the on-line channel has been enhanced both by making mandatory the use of the Vendor Portal (Resolution no. 286/2014 / R / EEL), and by the launching of new www.sportelloperilconsumatore.it site. The website allows the users of electricity and gas to find all of the information and forms needed to access the Help Desk services and to manage fully on-line services their requests, submitting complaints and requests for information, integrating the documentation and verifying both the relevant documents and the status of the complaint. The Help Desk, while promoting the on-line channel, continues to ensure the multi-channel features and the possibility to be contacted by e-mail, regular mail or fax.

It is also to be noted the **reporting activity** carried out towards the Authority with the aim of identifying and promptly communicating the conduct of operators not complying with the applicable principles of regulation and rules. In 2015, the Help Desk has provided the Authority with analysis and helpful information on billing, both as part of the investigations on supplies of electricity and natural gas, and in the context of prescriptive and penalty provisions aimed at overcoming the violations committed by some of the major market players. The Help Desk reports evidenced the starting of sanctioning and prescriptive proceedings on the lack of / late payment of compensation of consumers' indemnities in the event of failure to respond to their complaints. The proceedings, still under way, involve the two largest vendors.

In 2015, the Help Desk also launched its "Teleworking" project which involved 28 resources from the Complaints Unit and the Technical Secretariat, who carry out their tasks connected remotely from 60% to 80% of their time. This initiative is having positive results both in terms of motivation and level of performance of the resources involved.

Call Center – Toll Free Number 800 166 654

The Call Center provides free information on the opportunities and rights of the consumers in liberalized electricity and gas markets, on the procedures for obtaining social bonuses, on the conditions and the status of claims submitted to the Authority, on the two-tier prices and on gas insurance, the prosumer and on conciliation procedures offered both by the Authority and by Consumer Associations (joint settlement).

The average number of operators available to the Help Desk Call Centre amounted to 30 in 2015, divided between an AU team and a team run by the co-sourcer. In such respect, it is noted that, in anticipation of the natural expiry of the three year agreement with the current co-sourcer (ATI Gepin Spa-Gepin Contact), at the end of the year, on July 7, it has been published on GUCE the European call for tender for the assignment of such activities for the 2016-2016 years.

In 2015, the Call Centre handled **416,060** calls during service hours (8:00 a.m to 6.00 p.m. weekdays), down approximately 7% compared to 2014, as a result of the reduction of the contacts relating to the complaints handled by the Help Desk as a consequence of the improved service levels of the Complaint Unit and the absence of advertising campaigns via radio or tv by the Authority.

On average, 1,700 calls/day were handled during working hours, with a peak of 4,000 calls/day in the fourth quarter which was affected by an information campaign on the lack of renewal of the electrical/gas bonus for those consumers who had benefitted from the bonus in the previous year.

The Call Centre Help Desk achieved the following levels of service in 2015:

- 90% of the service level (answers with operator/calls) vs 80% set forth by the TIQV;
- 100% of accessibility to the service (telephone lines availability) vs 95% set forth by TIQV;
- 150 seconds of average operator waiting time (including messages from the automatic answering system) vs 200 set forth by the TIQV;
- 96% of clients satisfied with the service received (“Let’s put our face on it” campaign of the Public Service Department) as a result of an evaluation expressed by approximately 50% of the consumers contacting the Toll Free Number.

It should be noted that the Call Centre has the important function of an incubator for the new resources of the Complaints Unit, with a view of contributing to a professional development and integration between the various Help Desk units and of supporting the development and implementation of the management IT systems.

Complaints

Complaints and **reports** from customers are entered, registered and classified by the Complaints Unit, which after creating the file, conducts the relevant investigation activities and submits the appropriate information requests to the operators involved until the matter has been fully resolved or a reporting has been sent to the Authority for the appropriate action.

The *Complaints Unit* operates through:

- 1 *Secretariat*, which registers, creates the file and sorts the incoming documents; and
- 5 *Complaint Groups* formed of specialists in the various matters and coordinated by experts' resources.

In 2015, the **Secretariat** handled **158,000** documents (new complaints, reports, information requests and responses customers/operators to Help Desk requests), ensuring that the complaints are registered and sorted into the different groups of complaints the same day they enter the Help Desk protocol.

In 2015, the 5 Complaints Group received **40,000** new complaints, with a decrease of 14% compared to 2014 in consideration of the reduction of the faulty functioning of the marked evidenced in the previous year, particularly concerning the lack of coordination between the vendors and distributors data base in relation to the social bonus (consideration of the compensation in the invoice) billing (compliance with the periodical billing requirement) and issues relating to the change of the vendor (exact identification of the operator holder of the point of supply).

The year just ended also recorded **42,350** so called "returns" (replies by customers and vendors to requests from the Help Desk), with a decrease of 17% compared to 2014 in the light of the less number of cases compared to the previous year. The Complaints Unit therefore analyzed and managed a total workload of **82,350** documents (new complaints and returns) to assist customers who requested support in 2015, and that in **80%** of the cases expressed a positive review on the service received.

Quality System

The Help Desk Quality System monitors the qualitative service levels of the Help Desk operations, establishes and updates the operating procedures and tools, manages the training efforts required to upgrade the skills of the Help Desk staff and executives of the main Consumer Associations. It also implements special projects aimed at improving the relations with the external parties (Authorities, Consumer Associations, vendors, etc.) and the application of the Help Desk Regulations.

In 2015, activities of particular importance were:

- updating the Help Desk Vendor Portal, which was followed by meetings with the Consumers Associations and with the GSE on the terms of accreditation, which became mandatory at the beginning of 2015 (Portal Regulations and User Manual approved by Resolution AEEGSI 9/14 DCCA)
- creation of a system to measure client satisfaction for the service provided by the Complaints Unit, similar to the system already in use for the Call Centre,
- Response to consultations by the Authority in the field of consumer protection (e.g., DCO 450/2015-Billing retail market, DCO 411/2015-Replies to Complaints DCO 388/2015-social bonus)
- Training sessions to upgrade the skills of the Help Desk personnel and the executives of the main Consumers Associations on implementation of the principal changes in the Help Desk regulation.

Energy Consumer Conciliation Service

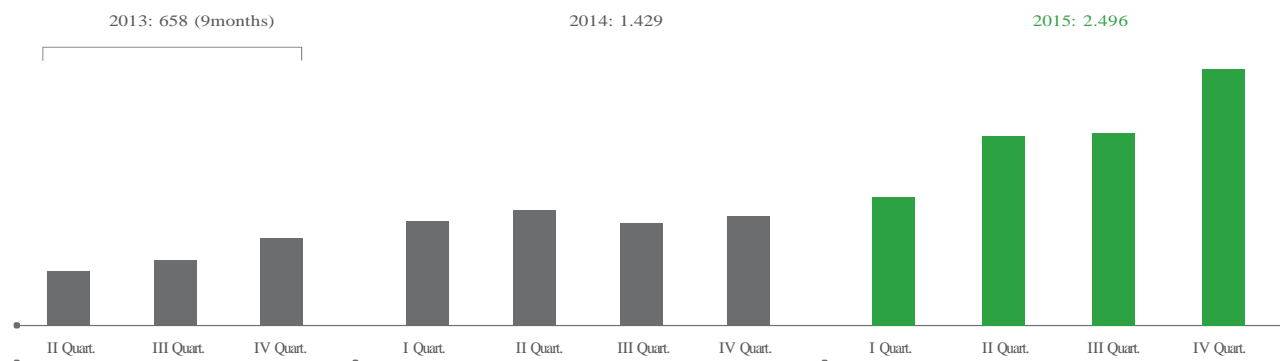
As of July 2015, the participation to the Conciliation Service is mandatory for the distributors, enhanced market protection vendors and the GSE for the demands filed by the prosumers concerning regulated matters; those operators that expressly indicated to join to the Service and are in the listed kept by the Authority are also obliged to participate. The other operators may decide from time to time whether or not they intend to participate to the conciliations filed with the Service.

The conciliation proceedings take place electronically at no cost to the end user, in the presence of an appropriately trained mediator, in accordance with the European legislation on energy and alternative dispute resolution (ADR). The service operates under the supervision of a manager and the support of five secretariat resources from the personnel of AU as well as 28 conciliators selected through agreements with the Chambers of Commerce of Rome and Milan.

The Secretariat, under the supervision of the manager, deals with the organizational aspects of the service, approves the access of the operators to the IT conciliation platform (where currently are enabled and interact more than 50 operators), and periodically reports to the Authority and the Electricity Industry and to the Energy and Environmental Services Fund (CSEA), in addition to those specifically requested from the Associations or the operators. The Service also has the duty to train/update the conciliators, structure the proceedings and the documents (format) for the case management and improve the on-line conciliation platform. At the beginning of 2015, in light of its introduction in the ADR list, the Service is working on the implementation of off-line proceedings (out of the platform) and an English version of the platform.

Below is a summary of the volume and outcome of the conciliation requests received by the Conciliation Service during its trial phase (April 2013-December 2015):

Chart 5 : Service volumes 2013-2015: quarterly performance



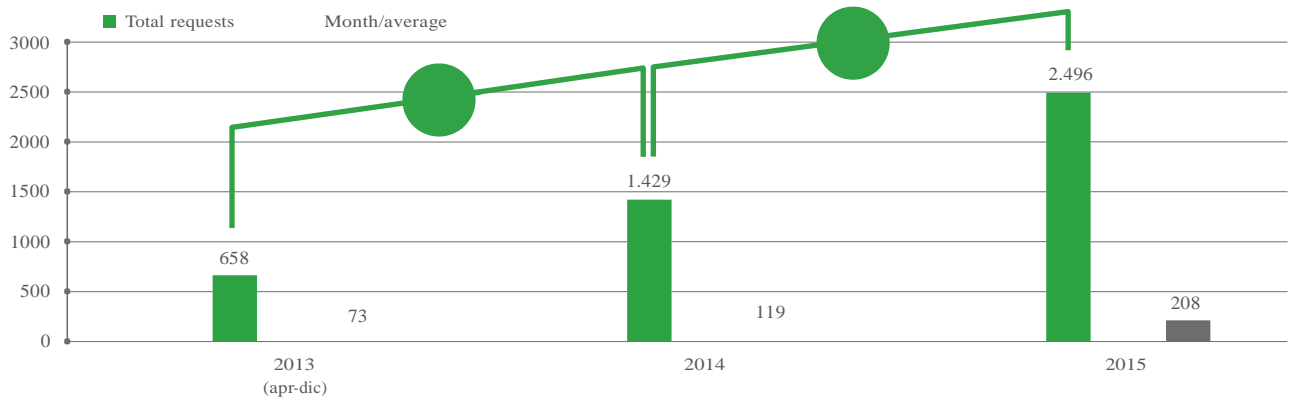
2013

2014

2015

Source: Internal Reporting, Acquirente Unico.

Chart 6 : Service volumes 2013-2015: total/year and monthly average



Source: Internal Reporting, Acquirente Unico.

In 2015, the Service received 2,496 requests for conciliation, with an average increase of 75% over the previous year, in turn, with an increase of 63% vs. the startup year. Early 2016 data confirm the growing trend, with over 200 applications received in late January.

Figure 7: 2013-2015 - Service results

4,583 requests from its starting (April 2013) through December 2015

1,467 agreement with a 84% success rate

65 calendar day on average per agreement with a minimum of 12 days

Source: Internal Reporting, Acquirente Unico.

With more than 1,400 agreements concluded, the Service has a 84% success rate (percentage of cases ended with an agreement, compared to those concluded without reaching an agreement), an average of two months for the conclusion of the case and a minimum conclusion time lower than 2 weeks (12 calendar days).

The Figures also show an increase in participation by 20 basis points (60%) compared to 2014 (40%) due to the activation, in July 2015, of the obligation for the sellers of the enhanced protection market and distributors (before that date, participation to the Service was mainly a non-mandatory basis).

Integrated Information System

Context

The deregulation of the energy sector has led to the generation of new operators and the separation of distribution from sales, thus requiring the systematic exchange of information between distributors and sellers. In the electric market alone, it has been estimated a year number of 40 million transactions whose errors, differences and inconsistencies are causing higher activity costs and procuring inefficiencies and dysfunctions in the internal processes of the operators which, inevitably, also impact on the final customers.

The 2015 retail electricity market had 500 active operators (including distribution companies, dispatching users, Enhanced Protection Vendors, Operators and Terna), which, on a daily basis, exchange the information required to manage the market and supplies to approximately 23,5 million enhanced-protection end users and 13,5 million of open-market users. There are more than 40 million transactions per year in the electricity industry alone, and in view of this an effective dynamic is essential in the exchange of information flows in order to avoid errors, discrepancies and inconsistencies that could cause higher operating costs and produce a dysfunctional internal process for operators, and in turn, with effect on final customers.

The retail natural gas market, in 2015, comprised 235 active distribution companies and 11 gas carrier companies, while the distributions users and vendors authorized to the sale of gas were 504, handling approximately 21.4 million of active contracts for final clients.

The most significant developments of the IIS activity included:

- the start of the transfer process management, in implementation of the Authority Resolution 398/2014 / R / eel;
- testing of the measuring data management as part of the IIS, with reference to the collection points on an hourly basis, as indicated in Resolution 640/2014 / R / eel;
- the daily update of the RCU (Central Registry Officer) -gas, in response to activations, deactivations, switching and transfers;
- the diffusion of the Communications Port (HPs) of the IIS to the major operators accredited to
- the IIS, to allow adopting application-to-application communications types according to the indications of the Resolution 162/2015 / R / com.

In 2015, the business continuity system was completed together with the upgrade of the primary site, and in the implementation of new processes it continued the close cooperation with the Authority in the flow standardization and re-engineering of the processes.

Gas Sector

As for the **gas sector**, the activities of 2015 was focused on the consolidation of the RCU-GAS (consisting of about 25 million delivery points, of which 21.4 million active and 3.3 ready to be activated) and the updating of the RCU in response to activations, deactivations, switching and transfers. To this end:

- the applications necessary for the management of the above-mentioned updating have been developed and tested;
- as of April were made operational the services and has been managed an average of about 13,000 a day variations;
- 300 Users (distribution companies, distribution users) have been accredited.

In 2015 it began the accreditation of commercial counterparties, in implementing the resolution 418/2015 / R / com, aimed at extending the pre-check service on the RCU-GAS, preparatory to the re-engineering of transferring and switching processes through the IIS. To this end, in the second half of 2015, have been developed and tested the applications, and in December began the activities with the accreditation of about 20 vendors.

Electricity Industry

As far as the electricity industry is concerned, the management of the processes undertaken in the years previous years continued :

- Management of the Official Central Register (RCU), populated with about 43.5 million collection points, some 23.5 million points served in the enhanced protection market, about 6.5 million collection points not supplied and about 13.5 million collection points served in the free market and emergency cases.
- Management of relevant information flows for the purpose of balancing the network and forecast the consumption (settlement), in full compliance with the timetable and procedures established by Resolution 57/2013 / R / com. The activities include the monthly management of master data flows of collection points served in the open market, the management of the semi-annual adjustments of data on area withdrawals, as well as the management of the

adjustments on the wrong attribution of the master data of the collection points to dispatching users from distributors, as regulated by Resolution 308/2013 / R / com.

- Daily Acquisition of the outcomes of the activation requests, contract deactivation and termination for defaulted payment of collection points and simultaneous updating of the RCU, within the time and in the manner required by Resolution 82/2014 / R / eel; an average of 15,000 daily variations are handled.
- Management of the Indemnity System. During this year, were handled 334,000 cases related to claims made by vendors.
- Provision of the so-called pre-check service within the IIS, in implementation of the resolution 82/2014 / R / eel; this feature allows Sellers to verify the match between the POD and the data identifying the end-customer holder of current point in the RCU.

During the year, the processes of the electricity industry managed by IIS have expanded:

- Management of the transfer process, in the implementation of Resolution 398/2014 / R / eel and the subsequent Resolution 161/2015 / R / eel, on the notification to the IIS of the measuring flows of consumption at the time of the change of the end-customer account holder of the supply; the management of the new transfer process, starting from November 1, 2016, represents a turning point and establishes the central role of the system as an effective tool and efficiency in the functioning of the retail market, in full consistency of the objectives set by the law establishing the IIS: IIS verifies the correctness of the requests for the transfer received from the vendors and verifies their eligibility on the basis of the content of the RCU, thereafter, it notifies the results to sellers and distributors. Achieving this result has required a challenging course of defining and sharing with the operators, as well as the necessary checks on the correct and reliable operation of systems and applications developed, as reported in the "Report on the verification procedures with the operators of proper functioning of the IIS and the effectiveness of the new Transfer Process ", published on the website of the IIS and sent to the Authority on March 30, 2015.
- In late March, the applications required to process the new management were tested and were released in a separate test and parallel environment. In the April-July period, checks with operators were performed on the proper functioning and those on the effectiveness of the new process. Upon completion of these checks, in late July, it was produced and transmitted to the Authority the "Report on the parallel period and proposal for the start of the operations of the new processes", at the same time published on the IIS website. Following the positive outcome

of the checks carried out, in early August, the Authority ordered, by Resolution 419/2015 / R / eel, the entry into force of the new transfer process within the IIS as of November 1, 2015. In the July-October period, optimizations have been implemented on systems and applications and from November an average of 5,000 transfers a day were handled.

- Testing of the measurement data management within the IIS; starting from the month of February 2015, on the data relating to January, the IIS acquires from the distributors the consumption measuring flows of all the points calculated on an hourly basis, according to the provisions of the Resolution 640/2014 / R / eel. This trial is another major milestone, as it represents a first implementation of the provisions of the Decree 1/2012 which extends the purposes of the IIS to the management of measurement of flows of final customers' consumption. For each of the approximately 300,000 collection points, the IIS receives the measurements taken daily every 15 minutes. From October, the IIS, starting from the single data of each collection point, processes the hourly aggregates for each dispatching user (UDD) on each distributor and submits them to Terna for comparison with those received by the distributors.

Other activities

In addition, in 2015, AU also secured the necessary technical support to the Authority to define the development of processes to be managed by the IIS and to use the existing technological infrastructure and software applications.

More specifically, technical support was assured to allow the Authority issuing of the following acts:

- Resolution of April 9, 161/2015/R/eel, concerning the management of consumption data flows at the moment of a transfer in the electricity sector.
- Resolution of April 9, 162/2015/R/com, concerning the adoption of communication protocols of the type application-to-application among operators and the Integrated Information System (IIS).
- Position paper of May 29, 259/2015/R/com, concerning the access through the IIS of the data flows containing the measurement data transmitted by the distribution companies, with reference to the collection points not calculated on an hourly basis and subsequent Resolution of July 30, 402/2015/R/eel, which extends the provisions of the previous 2014 Resolution to cover all collection points in the electricity sector.

- Resolution of August 6, 418/2015/R/com, concerning the accreditation to the IIS of the commercial counterparties, the extension of the pre-check service and the management within the IIS of the identification data made available according to the TISG (Consolidated Statute on Settlement for the Gas Sector).
- Resolution of October 14, 487/2015/R/eel, concerning switching regulation through the IIS in case of active collection points, together with the management of the contractual termination and the activation of the last resort services.
- Position paper of November 20, 559/2015/R/gas, concerning the implementation of the transfer process also for the natural gas sector similarly to the provisions approved for the electricity sector.
- Resolution of December 17, 628/2015/R/EEL, concerning the extension of the contents of the RCU with reference to the electricity sector.

AU, in its capacity as General Manager, pursuant to the regulation for the functioning of the IIS, in 2015, produced the following documentation:

- Technical specifications for the use of the Communication Port for the execution of the services contemplated in the new transfer process, published on January 23;
- Technical specifications for the use of the Communication Port for the data entry into the RCU gas, published on January 30;
- mode and test scenarios for verifying the operation of the transfer services, published on March 3;
- Operating instructions for the testing activities with the operators concerning the transfer services, published April 30;
- Technical specifications for the accreditation of the vendors, published on October 19, those for the precheck service in the gas sector, published on October 28, and those concerning the transmission of the data of the TISG (Consolidate Text for the settlement in the gas sector), published on December 3; all in implementation of the Resolution 418/2015 / R / com;
- Technical specifications for the switching process in the implementation of the Resolution 487/2015 / R / eel, published on December 21.

The activities related to the operational management of the technological infrastructure and the software applications created for service delivery continued this year, ensuring the functioning of all accredited operators: during 2015, the final users active on the IIS Portal increased from 1,900 to

over 2,350 (for both sectors, electricity and gas), in addition, 22 communication Ports for connection in advanced mode with the major energy Users were qualified and put into operation.

Technology progress and safety

In line with the developments that the Authority deemed to prioritize, in the first half of the year, the following activities were carried out:

- the creation of a new environment dedicated to testing activities / trial/ qualification of the services with the operators to ensure maximum reliability of the IIS in the management of new processes;
- the expansion of storage systems (SAN) to provide the space required for the administration of the new estimated flows.

In addition in October it was completed the system of business continuity of the IIS, testing its operation.

Electricity and natural gas retail market monitoring system

“Retail Monitoring” activities continued in 2015 within the context of the Integrated Information System (IIS), which operates under an avallment contract on behalf of the Authority.

This area supports the Authority in the operational phase of collecting basic data and serves as a technical interface vis-a-vis the operators required to participate in the retail monitoring system.

Costs related to the activity are managed independently from the Integrated Information System with an appropriate cost center.

Fourteen data collections were managed in 2015, in order to observe the non- payment phenomena, the Default system, the supply of the last resort service, the switching, the economic renegotiation, in both the free and protected markets.

Data validation controls increased in 2015 for data collection assigned to AU and support activities are expected to expand to identify specific phenomena through the performance of the subsequent processing and any necessary investigations with the subjects involved. Additionally, support was provided to the Authority in preparation of the 2012, 2013 and 2014 retail market annual report.

Italian Central Stockholding Entity - OCSIT

In compliance with the business plan of OCSIT, as of December 31, 2015 the amount of specific stocks held by OCSIT amounted to a 3 day supply.

During the first months of the year, OCSIT concluded a series of activities in view of the discharge of its obligations for the second stock year, in relation to which the addressing act of the MiSE provided for the purchase of an additional two-day stocks to take place by April 1, the first day of the stock year 2015- 2016.

In the month of February 2015, the MiSE communicated the actual costs incurred by OCSIT in 2014 (so-called final balance), necessary for determining the amount of the balance of the adjustment contribution due by the economic operators. The final figures showed, for the second year in a row, total costs lower than those planned in the budget. In detail, the actual costs amounted to EUR 3,056 thousand, compared with an estimate of Eur 7,423 thousand, with a saving of 59%. The difference was paid to the operators in November 2015, at the time the adjustment, following approval of the interministerial decree of 2015 on the contribution determination.

The Ministerial Decree of February 19, 2015 established the total quantities of emergency stocks and specifications that must be held by the system for the stock year 2015/2016.

In the presence of a sufficiently large budget, there was no need to make a new tender for the procurement of the funds required for the purchase of two additional stock days in 2015; it was decided, therefore, to carry out only those tenders for the retrieval of the stockholding capacity and the purchase of the products, inviting the operators already prequalified as suppliers of stocking and products.

The conclusion and awarding of the tenders took place in advance of the scheduled date of April 1, the day when OCSIT fulfilled its obligations to hold a total of 313,483 tons of products, amounting to a 3-day supply.

Purchases during the second and third stock day, during the year, concerned 206,236 tons of petroleum products, broken down as follows:

- 139,489 Tons of Oil, of which 35,000 in the Arcola depot (SP), 16,600 in Sarroch (CA) and 87,889 in Gaeta (LT);

- 41,583 Tons of Gasoline, of which 34,098 in Volpiano (TO) and 7,485 in Sarroch (CA);
- 19,911 Tons of Jet Fuel, in the Rome depot;
- 5,253 Tons of Fuel Oil, of which 2,500 in Naples, 2,000 in the Cassina de' Pecchi (MI) depot and 753 in Sarroch (CA).

In May, the logistics structure of the stocks undergone a change, following the request by an operator of a temporary transfer of product, in accordance with the provisions of the stockholding framework agreement. The transfer involved 40,000 tons of oil out of the 87,889 tons held in Gaeta, which were deployed for one year in the Volpiano (TO) depot.

The expense for payment of petroleum products amounting to Eur 110.6 million was hedged through the use of funds made available by the lending bank, through the special purpose financing contract signed in June 2014, for an initial amount equal to Eur 300 million.

As of June 30, the use of the loan, taking into account the purchase of Eur 74.2 million for the first stock day, amounted to approximately Eur 184.8 million, with a balance of 115.2 million.

As for the insurance of goods in order to have a single counter party, it was decided to terminate the old contract, signed in 2014, and therefore it was launched an European tender with new ceilings for insurance coverage (all-risk policy) of all purchases in the strategic plan, in the period July 1, 2015 - March 31, 2018.

The rate obtained following the conclusion of the tender was 15% lower than the previous contract.

All the above activities were shared with the operators through the call of the Consultative Committee, held on April 22, 2015. On this occasion, the substantial regularity of the payment of contributions due by the operators was ascertained.

In July, inspired by the favorable conditions on the capital markets and in order to pursue a better economic and financial management of the oil stocks related to the Italian safety, with positive effects on the industry and country as a whole, OCSIT renegotiated the loan signed in June 2014, resulting in significant savings in loan interest until June 2019. The reshaping of parameters made it possible to achieve:

- 1) a reduction in the margin from 120 to 90 basis points;

2) a reduction of the fee for lack of use from 40 to 30 basis points;

3) an extension of the availability period of the sums from 31 December 2015 to 30 June 2016.

In the same month of July, the tender bid for the activities related to compliance with the regulations and obligations regarding environmental protection and health and safety of the workers (so-called HSE) was launched.

In early September, also, OCSIT attended the annual meeting of ACOMES, the association of the Central Stockholding Agencies of the World, during which the "best practices" in relation to some of the issues in the sector were shared.

The publication of the inter-ministerial decree, signed on October 8 and setting forth the rules on the determination of the OCSIT contribution, allowed to proceed - on the one hand - to the return of the balance related to 2014 and - on the other - to the monthly invoicing to the operators of the advance on the 2015 contribution. Both the restitution process and the collection of the contributions were held on a regular basis within the period indicated by the decree, allowing OCSIT to regularly collect the monthly rate for the period from April to November, by the deadline of December 31, 2015.

In October as well, the Ministry for the Economic Development approved the OCSIT proposal related to the acceleration of the strategic plan, for the stock years 2016/2017, namely the purchase of an additional stock day (about 100 kT of products) in lieu of the two planned days. The increase, which will bring OCSIT to hold six stock days rather than the current 3, has many advantages, including: the optimization of the residual financing, the ability to mediate down the purchase cost of the products in view of the bearish price outlook and a release of more stocks than the market expectations.

All these arguments have been brought to the attention of oil operators in the second Consulting Committee of the year 2015, held on November 10. On this occasion, it was also presented the calendar of the tenders planned for the stock year 2016 - 2017, which will presumably start on April 1, 2016.

As contemplated by the above mentioned addressing act, art. 2, paragraph 1, by the deadline of November 30, OCSIT has communicated its forecast for costs and expenses for the year 2016 (Budget 2016) to the General Directorate for security of supply and energy infrastructure of the Ministry for the Economic Development. The Budget had been approved in advance by the Board of Directors of Acquirente Unico at its meeting on November 25, 2015.

As part of the continuous dialogue that the Body has had, during the year, with the Financial Administration Offices, the following is noted:

- In December the Customs Agency approved the renewal for the year 2016 of the exemption from providing security for excise duty for the stocking of petroleum products;
- It was completed in the year the collection of documents for the benefit of the Tax Revenue, aimed at presenting in a definite form, now under formalization, of the appropriate request for a ruling to the Agency, oriented to the sharing of calculation methods of financial expenses deductible from corporate taxes, in the light of the legislation establishing OCSIT and its implications.

From the industrial point of view, in December, preliminary activities have been undertaken to operations that will be implemented in the stock year 2016/2017 stocks. Among these were:

- retrieval of stockholding capacity;
- purchase of additional days of specific stocks;
- the release of the new OCSIT website;
- the implementation of the IT management system.

Summary of investments in emergency product stocks

The table below shows the valuation of stocks in the balance sheet at 31.12.2015, separately by type of product supplied and held, with the indication of the relative quantities according to the tax records.

OCSIT stocks as of 31 December 2015

Products	Quantity (Tonn.)	Values(Eur)
Premium unleaded gasoline	63,627	41,273,535
Diesel fuel	211,859	122,864,810
Jet Fuel	29,573	17,610,805
BTZ Fuel Oil	8,424	3,053,805
TOTAL	313,483	184,802,955

Source: Internal, Acquirente Unico.

OTHER CORPORATE ACTIVITIES

Human Resources

In 2015, the management and development policy of the personnel of Acquirente Unico set the following goals:

- develop an internal mobility program, fostering the integration between the interests of growth individuals and business needs, in a short to medium-term outlook;
- promote flexible forms of work, in order to ensure better efficiency of the logistic facilities;
- pursue additional efficiency measures to contain costs, as provided by the Law of 23 June 2014, n. 89.

The internal mobility plan was activated mainly to meet the needs of the two areas in greater development, that is the Integrated Information System and the Conciliation Service.

Efforts were made towards the creation of an efficiency program in the Energy Sector, including the staff areas, affected by a significant process of reform of the retail market, still in progress. In total this program covered 7 employees and 1 manager.

To answer the need of developing flexible forms of work, Acquirente Unico launched the Telework Project; to that end, it was set up a dedicated working group, which examined the compatibility in terms of tasks assigned to the company and the available IT systems. In January, a first experimental group of 10 teleworkers started, and at year end the group counted about 30 employees involved. Among the goals reached it is noted: an increase in work motivation and cost containment.

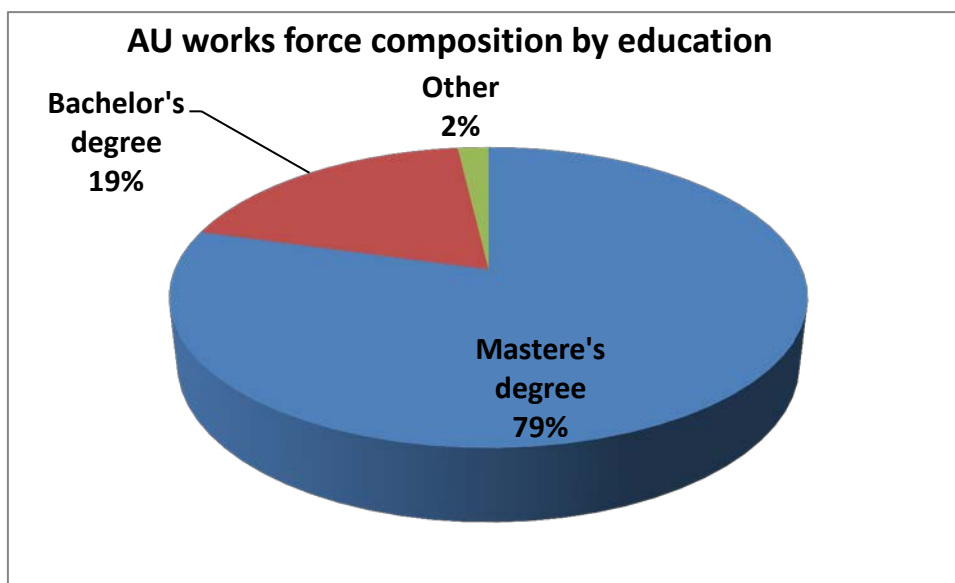
Finally, regarding the spending review, Acquirente Unico adopted a series of interventions aimed primarily at make more efficient the cost of labor, consulting and general services.

Workforce development

The year 2015 registered an increase of 2 units in the number of employees (full-time employees and contractors), up from 211 on December 31, 2014 to 213 on December 31, 2015.

The increase mainly concerned the Integrated Information System, the increase was mainly focused on the recruitment of personnel with higher education qualifications. Overall, the composition of AU's workforce at December 31, 2015, as compared to 2014, shows a substantial stability as to the presence in graduates, who now account for 79% of the workforce (i.e., holders of bachelor's and master's university degrees).

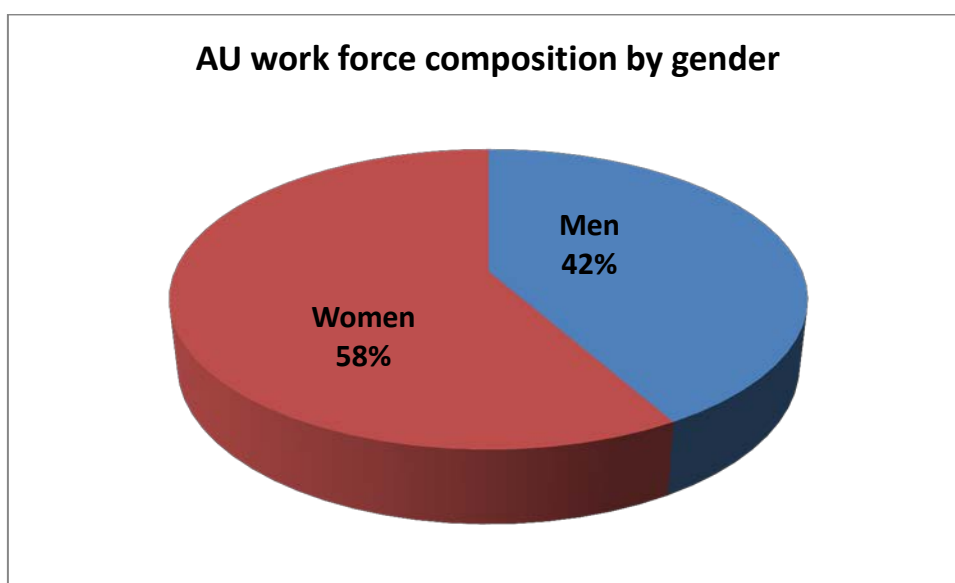
Chart 8: Workforce by education qualification



Source: internal reporting, Acquirente Unico, as at December 31, 2015

Additionally, in 2015 the Company maintained a stable positive relationship of the presence of the female component on the male component, as shown in the table below:

Chart 9: Workforce by gender



Source: internal source, Acquirente Unico, as at December 31, 2015

Training to support skills development

In 2015, it was completed a funded training project on e-learning basis on matters relating to the Legislative Decree 231/01 (Administrative Responsibility), Legislative Decree 81/08 and subsequent amendments (Health and Safety in the workplace), and Legislative Decree no. 196/03 (Privacy).

The teaching method of these online classes has been characterized by interactivity. In fact, testing and evaluation games were provided, all along the training classes and, for the Safety classes, final verification tests were carried out at the presence of the participants.

Therefore, the methodology used was of an active learning that involved the learner in order to allow the necessary improvements through interaction and exercises. The training initiative involved all employees of the Company for a total of 50 hours of training.

Corporate Information Systems

Energy Area

In 2015, various evolutionary maintenance activities on the applications used to manage tasks related to electricity transactions were made. The most important action was taken on the “Energy Retail Platform”, the application used for the management of the contracts for the purchase of electricity, and involved the construction of a new form for the calculation of the Sale price. The implementation of the software was launched early in the year and ended with the system into production in December 2015.

In the area of consumption forecasts and electricity prices, many interventions of evolutionary maintenance on the application supporting these activities were carried out. The most important concerned the verification and adaptation of the forecasting models of consumption in integrated mode with hourly weather data, the evolution of the price forecasting system by consolidating short-term algorithms and implementation of the medium to long algorithms, the use of new information flows from the IIS and the start of the reviewing process of the forecast models for the summer period (July-August), so to intercept special emergency conditions and thus limits unbalances.

Also, to respond to the new legislation regulating electronic invoicing to the Public Administration, AU has set up, in collaboration with its parent company GSE, the actions required to adapt the internal ERP system for the emission, transmission, management and preservation of the electronic invoices issued to the PA. The IT procedure was launched into operation at the end of March 2015.

In September, it was finally launched a project in collaboration with the Administration Finance and Control Area (hereinafter also AFCA), aimed at the automation and dematerialization of the approval process of the payment "non-energy" purchase invoices. It was developed with the internal resources of the IT Systems Area, an application that allows to cover the whole process. Such application, in fact, allows the AFCA operators to send the invoices awaiting approval to the relevant departments and operators, within the Departments, to create the relevant approval, by filling in a web form. Thereafter, the green light, in electronic format, is transmitted to the Director / Manager who will check it by applying its digital signature. The signed consent is therefore made available to the AFCA for the liquidation of the invoice.

The system was launched into operation in November 2015, on a trial basis for the invoices of the IT Systems Area. The extension to all business areas is expected in the first months of 2016.

Energy Consumer Help Desk

IT applications to support the Help Desk activities in the management of the final customer complaints have been enriched, in the course of 2015, a new tool called the “Customer Portal”.

The Portal, which complements the “Vendor Portal”, already active for several years and intended to the automated information exchange between the Help Desk and the Vendors of electricity and gas, enables the end users to activate one of your complaint and to follow their evolution fully in an online mode.

The new web platform allows the customer or his/her delegate, through a new web-site, to look for the information required to resolve their dispute. In case the client decides to activate one complaint, the system provides a reserved area, accessible upon an online registration, through a wizard that allows the user to fill out a complaint form and send it to the web site. After its take-over by the operating structure of the Help Desk, the customer can receive, always through the Portal, the communications relating to his/her case, submit new documents and verify the progress of the complaint.

The Customer Portal thus enables an automation of the information flows between the Client, the Protocol system, the Vendor Portal, and the Help Desk CRM, achieving the full dematerialization of the documents forming the complaint.

The new web platform became operational in early August and recorded in the first month more than 300 registered users activities, with an equal number of new cases entered and more than 1,200 accesses.

Further implementations for the Help Desk concerned the adjustment of the "Oracle CRM On Demand" system, used by the personnel of the Help Desk for the management of the complaint file. Automated procedures are designed to extract data for the Customer Portal and for operational and synthesis reporting. The interface with the Protocol system also has been improved with new flows coming from the Customer Portal.

Starting as of January 2015, also, it was launched the operational phase of the "Telecommuting" project, which involved mostly the personnel of the Help Desk.

The system, developed in collaboration with the GSE, allows the Help Desk operators to use the applications for the management of complaints from locations located in their own homes and linked into a secure, encrypted mode to the AU headquarters, through the use of standard connections ADSL, using the "virtual private networks" (VPN technologies).

Starting in January 2015, moreover, the use of the Portal Merchants has become mandatory for all operators of the sectors of electricity and gas for the exchange of correspondence with the site. This new mode of operation led to an increase in the number of accredited operators on the Portal 42, earlier this year, to 354 at the end of 2015, and, correspondingly, the number of users recorded from 327 to 814. To cope with the higher volumes we were adjusted the systems involved in the process, through updates in the virtual server configurations and Axway Software products used for the realization of the IT platform.

The system, developed in collaboration with the GSE, allows operators to use the ATM applications for the management of complaints from locations located in their own homes and linked into secure, encrypted mode to the AU headquarters, through the use of connections ADSL standard, using the “virtual private networks” (VPN technologies).

Starting in January 2015, moreover, the use of the Vendor Portal has become mandatory for all operators of the sectors of electricity and gas for the exchange of correspondence with the Help Desk. This new mode of operation led to an increase in the number of accredited Operators on the Portal from 42, earlier this year, to 354 at the end of 2015, and, correspondingly, the number of users registered from 327 to 814. To cope with the higher volumes, the systems involved in the process have been adequately improved, through updates in the virtual server configurations and Axway Software products used for the creation of the IT platform.

Italian Central Stockholding Entity (OCSIT)

During the year, the activities for the creation of the applications for the management of OCSIT procurement processes continued, as well as those related to the management and evolution maintenance of the STOCK and i-SISEN IT platforms for the detection of compulsory stocks and statistics in the energy field.

With regard to the latter application, the actions undertaken in the course of 2015, required for most part by the Ministry of Economic Development, mainly related to the change of the rules for the calculation and allocation of stocks obligations for 2016, with the possibility of defining the percentage of foreign storage of the stocks, the integration of reporting and questionnaires on statistics, development of reporting aimed at the preparation of the "meetings consumption" held monthly at the MiSE with the major oil operators, the editing of some workflow for the Stocks authorization.

The major evolution projects on these platforms, under evaluation for 2016, concerning the necessary activities for the internationalization of the Stocks application through the dual language implementation, Italian and English, of some web pages that could be used at an European level, the need to create a “live” reporting system searchable by generic users on an external portal, a new application for the weekly survey of prices of petroleum products.

In the area of specific OCSIT processes for the procurement and management of stockholding capacity and the purchase of petroleum products, during 2015 the customization activities specifically dedicated IT platform continued.

In particular, the management modules for the issuing of purchase contracts and the generation of financial flows to the ERP system were consolidated. The most significant activity in this area was the activation of the module specifically targeted to the management of oil products deposits. The activities undertaken will enable, among other things, the complete management of the fiscal warehouse, mandatory for OCSIT starting from 2017.

The area registering the greater system customization effort has been the on-line procurement tender bid management. In the month of December 2015, the implementation of the modules for the management of procurement tenders was completed and the analysis for the implementation of similar modules for the corresponding sales tenders was launched, with the aim of presenting to the operators the new platform in the month of May 2016.

On the technology infrastructure front, it has been created the operating environment and included the identification data of the Operator and of the Deposits, through their acquisition them from the Stocks platform, whose data had already been validated by the MiSE. The subsequent phases, to be developed in 2016, will concern the population of the archives with the historical data of the already issued contracts and related accounting records.

In relation to the new tendering platform it was also set up a new Protocol Registry for the documents that will be exchanged in electronic mode. In particular, have been implemented, for the first time for the company, the document flows that entail the logging of digitally signed documents, which have the need to acquire the protocol stamp without altering the integrity of the document.

Lastly, the implementation of the new OCSIT Internet site, based on the same system used for the creation of AU Internet and Intranet sites, continued, introducing several automated publishing capabilities in synergy with the new Tender portal.

Central systems and for IT security

The project of "virtualisation" of the hardware/software infrastructure of the AU Information System, which has seen, over the years 2013 and 2014, the migration of applications, databases and IT services from “physical” servers to the corresponding “virtual” systems, has been enhanced during 2015 by a further important element in the security, integrity and availability of data, through the implementation of a new backup system.

The previous system had been in operation for over ten years and, even with the necessary updates, was focused mainly on the backup of the physical server.

New features of the virtual infrastructure have led to replace this system with a newer product, specifically created for backup, monitoring and reporting of the virtual environment. The new system has been integrated into the existing infrastructure consisting of the storage, the storage systems to disk with data replication on the disaster recovery site and the storage system on tape. The migration project was completed in October.

In the course of 2015 a joint project with the parent company was started, for the transfer of all IT equipment, both belonging to AU and the GSE, from the current server farm, located at the GSE headquarters, in adjacent rooms, for restructuring and adaptation of technological systems in the building. In the first months of 2016 it is expected the physical movement of equipment, according to a plan that focuses the activities on weekends, to limit the impacts operational activities of users.

Prevention of IT risks

The systems and devices specifically dedicated to IT security within the IT infrastructure of AU help to implement the necessary countermeasures to mitigate the risks arising from the loss or corruption of information and those related to the possible unavailability of systems.

In general, the information and the related management systems may be subject to potentially hazardous events, whether accidental or deliberate, which can result in negative consequences for the company.

Damage to the information may relate to the loss of confidentiality, integrity and availability as well as violations of rules or laws and cause impacts on operational efficiency.

The vulnerability of IT systems, measured by the estimated probability of occurrence of a harmful event, may depend on human factors, from computer applications installed and the physical devices that compose the infrastructure itself.

Countermeasures taken to reduce the risks that threaten the security and business continuity are basically oriented on business processes and the behavior of employees with regard to IT systems, as well as the functionalities of the handset and computer applications for the aspects concerning controls and to access logging.

With respect to expressly dedicated security hardware / software, those used by AU relate to data backup systems, prevention and control of access from outside and from inside, storage systems and server virtualization and their replication to remote sites for disaster recovery.

During 2015, in particular, it has been enhanced data backup system through the introduction of a specifically dedicated software for virtual servers.

The security of the data storage process includes a first phase of fast backup on the appropriate storage system; then the data is copied in "deduplicated" form, that is according to a compressed format by eliminating repeated data, on the Data Domain system of primary Data Center; Finally, replication is enabled on the equivalent apparatus placed at the Disaster Recovery site.

As for the protection against unauthorized access from outside the corporate network, in late 2015, an activity of "Vulnerability Assessment and Penetration Test" was conducted. It highlighted the potential vulnerability of some Web applications for which, in the course of 2016, adjustment measures on the software and infrastructure component will be made.

Studies and research

The AU promoted studies and research in 2015, in collaboration with industry experts for the purpose of encouraging debate on the evolution of the electricity industry and making additional and useful information available to all stakeholders.

The research is focused both on economic issues and on behavioral aspects, to assess the choices of households and micro- and small enterprises. In fact, it has to be noted that, within its corporate mission, the AU promotes consumers' awareness and proactivity.

Through cooperation with research companies operating in the field of the sociology of consumption, the AU has prepared the second phase of the study examining the social and cultural behaviors of domestic consumers and their approach to the market.

In the first phase of the study, launched in 2014, through an extensive market survey domestic consumer profiling was achieved with respect to the perception of the "energy value" and knowledge of market dynamics.

In the second phase, that took place in 2015, the study analyzed, with the use of focus groups, the factors basing the consumers' choices, their perception of the current market situation, and the role of IT tools. The results so achieved allowed a better comprehension of the families' points of view, their attitude towards the market, the awareness of the protection and the predictions on market evolution.

Finally, in the course of 2015, the AU presented the volume on the 10th anniversary from the launch of the Italian electricity market, published in the previous year. Such occasions favored a moment of free exchange of views and opinions, ideas and proposals from experts, to contribute to discussion on possible evolution of the current situation in an European energy market.

Communication Activities

The main purpose of communication was to increase the awareness of AU in its markets, with a focus on the company's role in an important changing scenario.

For this purpose the "corporate identity," characterized by distinct elements that have been adopted on all AU's media, was implemented, improved and updated with purely informative material on aspects of the Company (video, brochures, leaflets, etc.).

The website is managed with the aim of optimizing usability, increasing the number of contacts and consistently providing clear, complete information, in addition to enabling intuitive navigability and structured information for maximum utility. As for the corporate intranet, it has been enriched and improved to promote internal communication and working activities.

Additionally, in order to expand the internal communication tools, a new multimedia activity has been launched in the form of short video clips to be distributed on a video circuit within the Company, featuring important news regarding the energy industry.

The communication activities continued in 2015 in a systematic manner, with actions aimed at further entrenchment of knowledge and the appreciation of visibility and credibility, not only with the institutional stakeholders but also in the context of public opinion.

During the year, there was significant activity on the relationship with the media and there were 32 agency launches, 635 online articles, 163 articles in newspapers, and 6 periodicals.

Moreover, the tools for the monitoring of print publications and the Internet have been enhanced, as such media have been helpful as the means to intercept, also at a local level, challenges and points of attention in the energy markets.

In 2015 AU continued its promotion of events such as conferences and seminars, in line with its communication strategy and with the evolution of internal activities to illustrate the main dynamics of the Italian process of liberalization, highlighting the achievements of the model adopted in Italy with the presence of an entity such as AU, which combines consumer protection and market development.

Litigation management

Credit and dispute management with respect to companies that provide the enhanced protection service

With respect to management of AU's trade receivables, in the event of a default on payment at maturity, AU intervenes, preliminarily out of court, with informal contacts and reminders, and then through the courts, with appeals for an injunction.

With respect to the nature of the trade receivable and of the debtors, it has to be noted the following.

The trade receivables of AU have been derived mainly from the sale of electricity, on the basis of the standard contract approved by Resolution ARG/elt. 76/08. In November 2010, the Authority, with Resolution Arg/elt. 208/10, amended the Standard Contract, introducing the obligation of the issue of a security deposit as an alternative to guarantees. By virtue of that provision, AU may write to the competent judicial authorities to secure the release of the deposit for enhanced protection service by operators/distributors that have defaulted in the release of the collateral required by Article 10 of the Standard Contract.

In the same resolution, the Authority specified that AU could apply the standard contract with respect to its counterparts, regardless of the actual signing of the contract

The entities from which AU has overdue receivables are mainly municipalities (or public capital entities), holders of a distribution concession issued by the MED, against which there are remedies under the Code of Civil Procedure on the subject of enforcement proceedings.

The risk of non-collection of trade receivables by AU with respect to the enhanced- protection service operators is generally modest, either due to their nature (they are certain, liquid and payable, being regularly invoiced according to the regulatory provisions in force) and the types of legal entities liable, taking into consideration that such credits are backed by adequate guarantees. Budget allocations are always required, in view of the loans past due, in the provision for doubtful accounts, as described in the Notes.

With specific reference to the legal measures taken for recovery of debt, AU has requested an injunction against one Municipality, providing enhanced protection, which has defaulted on debts due.

Other disputes

In 2015, the Company was involved in proceedings before Minor Court (*Giudice di Pace*) for matters related to the activities of the Informatic Integrated System and the Energy Consumer Help Desk. Any amounts at issue are minor.

At year end a labour claim was notified o AU; however the first hearing has not taken place yet. Considering the early stage of the proceeding, the risk connected to it is qualified as possible.

In 2013 a person excluded from a tender, run by AU for the identification of operators of enhanced protection services for the years 2014/2015/2016, brought an action before the Lazio Regional Administrative Court – Rome Section against the exclusion decision. The Lazio Regional Administrative Court, by order, had accepted the jurisdiction of the Lombardy Regional Administrative Court. In 2015 the person excluded from the tender restarted the claim before the Lombardy Regional Administrative Court and asked for interim measured. The Court rejected such request. The date for the hearing has not been scheduled yet.

Tax Assessments

Following a tax audit launched in the month of March 2013 and terminated in the month of July of the same year, on, respectively, October 16, 2014 and November 4, 2014, two notices of assessment were delivered to the Company for the years 2009 and 2010. In fact, the Lazio Regional Office of the Italian Revenue found a greater IRAP taxable as a result of the rejection of the tax wedge.

Particularly, with the tax assessment for the year 2009, the Office settled higher IRAP of EUR 63,672.00 and imposed fines of the same amount (for an application amounting to EUR 127,344.00, excluding interest).

Regarding the 2010 tax year, the Italian tax authorities settled an IRAP of EUR 82,202.00 and imposed fines of the same amount (for an application in total amounting to EUR 164,404.00, excluding interest).

Against those two notices of assessment, the Company, on December 12, 2014, brought two separate appeals before the Provincial Tax Commission of Rome, also applying for the cancellation and giving the arguments already contained in the application in respect of the facilitation of Article 11 Legislative Decree No. 446/1997 to the activities of AU not exercised in concession, much less at the "rate."

The Company, in compliance with the legal requirements, also made payments due on a provisional basis, pending the judgment of first instance, equal to one third of the tax paid in the assessment. More specifically, on December 12, 2014, to pay for 2009, it paid EUR 25,047.27, and for 2010, it paid EUR 31,238.03.

Dates for the hearings of both proceedings before the Provincial Tax Commission of Rome are still to be scheduled yet; according to the tax consultants, the dates should fall before summer.

Activities of the director responsible for preparing financial accounts

The activities carried out by the relevant director, as well as for the issue of the formal certification regarding the 2015 Annual Accounts, can be summarized as follows:

- Activities of renovation and maintenance of the overall procedural system for the processes of accounting and submitting annual accounts, in collaboration with the Offices concerned;
- Preparation of the internal standard “Circular of 2015 Annual Accounts,” with special rules for the Company departments involved in the process of preparing the annual accounts, together with the request to the directors of the various departments (both of AU and of the Parent Company, for the activities carried out under services agreements) of the letters of certification of their activities, the internal processes to correct preparation and representation of the annual accounts data and the management presentation;
- Carrying out tests on administrative processes through analysis and general procedural audits of specific accounting items, with extraction of target samples of documents. These tests were carried out, on the basis of the methodologies and checklists shared between AU and the manager in charge of the Audit Department of the GSE, by employees of that department.

Activities of the director for corruption prevention and for transparency

Law no. 190 of November 6, 2012 on “Measures for the prevention and repression of corruption and lawlessness in the public administration”, contains rules to prevent and curb the corruption and illegality in the public administration sector, and states that transparency is an essential element for the prevention of corruption itself.

ANAC Decision no. 8 of 17 June, 2015, as well as Ministry of Economy and Finance’s Directive dated August 25, 2015, extended such discipline to controlled entities of the public administration and, therefore, to AU, a publicly held company entirely participated by GSE, who is wholly owned by the Ministry of Economy and Finance.

AU Director for Corruption Prevention and for Transparency, in office since May 2015, mainly performed the following:

- carry out the analysis and evaluation of the corruption risk levels, in all business activities, considering both the probability that a corruption event can happen and the possible impact once the corruptive has occurred: the method applied is risk calculation method proposed by ANAC;
- elaborate the Triennial Plan for Corruption Prevention (PYPC) approved by the Board of Directors on January 29, 2016 and posted on the company’s web under section “Transparent Company”;
- create a special section on the website called "Transparent Company", continuously updated to ensure compliance with applicable legislation on anti-corruption and transparency;
- fulfill the requirements for publication of data and information required under current legislation, with particular reference to the completeness, clarity and update the information;
- elaborate the Triennial Plan for Transparency and Integrity (PTII) approved by the Board of Directors on January 29, 2016 and posted on the company’s web under section “Transparent Company”).

RELATIONS WITH THE PARENT COMPANY AND THE COMPANIES IT CONTROLS

AU is a company wholly owned by the Energy Services Operator - GSE SpA, such as the Energy Markets Operator GME S.p.A.

During 2015, AU used the support of GSE, under special service agreements regarding the location of the headquarters and some related services, for the provision of IT services and assistance and consulting work, on a continuing basis.

With respect to relations with GME, in 2015, it was confirmed as the main trading partner of AU.

Below we summaries the relations with the parent GSE and GME, in context of the balance sheet and profit & loss account. In particular, a comparison between 2015 results and those from the previous year, with detail of the single items for a broader understanding.

Table 13: Summary of the relations between AU and GSE S.p.A. (Eur thousand)

	2015	2014	Change
RECEIVABLES			
Non trade receivables	77	75	2
Credits for infra-group VAT	5,051	3,939	1,112
Total credits	5,128	4,014	1,114
Prepaid expenses	8	-	8
Total prepaid expenses	8	-	8
Total	5,136	4,014	1,122
DEBTS			
Debts for service agreements and other	327	275	52
Total Debts	327	275	52
REVENUES			
Other revenues (employees detached, etc.)	187	169	18
Total Revenues	187	169	18
COSTS			
Costs for service agreement	3,235	3,908	(673)
Interest expense on intercompany bank account	-	10	(10)
Total Costs	3,235	3,918	(683)

Source: Internal Reporting, Acquirente Unico.

Relations with GSE

Total Credits, amounting to EUR 5,128 thousand relate mainly to credits connected to monthly payment of VAT in December 2015.

Total Debts, amounting to EUR 327 thousand pertain to intercompany service contracts.

The costs and revenues are mainly represented by service contracts and loan of the headquarter premises, as well as recovery of expenses for employees seconded at the Parent Company.

Further details are explained in the Notes to the Accounts.

Table 14: Summary of the relations between AU and GME S.p.A. (Eur thousand)

	2015	2014	Change
	<i>Euro thousand</i>		
PREPAID EXPENSES			
Prepaid expenses consideration on Data Reporting Platform	1	-	1
TOTAL PREPAID EXPENSES	1	-	1
DEBTS			
Debts for energy purchases	630,095	732,887	(102,792)
Debts for services prompt electricity market	193	155	38
Debts for services in term electricity market	-	43	(43)
Debts for services on PCE	32	46	(14)
TOTAL ENERGY DEBTS	630,320	733,131	(102,811)
TOTAL DEBTS OTHER THAN ENERGY	7	7	-
TOTAL DEBIT OTHER THAN ENERGY	7	7	-
TOTAL DEBITS	630,327	733,138	(102,811)
REVENUES			
Revenues from energy sales imbalance in program	-	2	(2)
TOTAL REVENUES	0	2	(2)
COSTS			
Cost for purchases prompt electricity market	1,787,601	1,463,186	324,415
Cost for purchases in term electricity market	1,634,007	2,630,127	(996,120)
Cost for functioning	1,057	872	185
Cost of services in term electricity market	37	291	(254)
Cost of service on PCE	225	297	(72)
TOTAL ENERGY COSTS	3,422,927	4,094,773	(671,846)
Expenses for other services	35	35	-
TOTAL COSTS OTHER THAN ENERGY	35	35	0
TOTAL COSTS OTHER THAN ENERGY	3,422,962	4,094,808	(671,846)

Source: Internal Reporting, Acquirente Unico.

Relations with GME

In the relationship with GME, as shown in Table 14, the main balance sheet item consists of the debt pertaining to the purchase of electricity (EUR 630,095 thousand), the financial settlement of which occurred in January and February 2016. The decrease in this item from 2014 amounted to EUR 102,792 thousand.

The main profit & loss account item is represented by costs for the purchase of energy and services (“total energy costs”), amounting to EUR 3,422,927 thousand, as compared to EUR 4,094,773 thousand of the previous year.

Information on related parties

The Company has relations with multiple subsidiaries, either directly or indirectly through the Italian Ministry of Economy and Finance. The main transactions are conducted with the major players in the Italian energy industry, such as the Enel Group, ENI and TERNA. All transactions with related parties take place at market prices in accordance with the conditions that would apply to third-party counterparts.

BUSINESS OUTLOOK

Energy supply

The demand from the enhanced protection market forecast for 2016 is approximately 56 TWh. The activities to cover the supply needs for 2016 began in February 2014, diversifying purchases over time, and generally they were contracted through web auctions for 13.9 TWh and a further 3.6 TWh through MTE, making a total of 17.5 TWh.

Thus, for the year 2016 forward contracts were entered into for an energy supply for approximately 30% of the expected demand from AU.

Support activities for operators and final consumers

Energy consumer help desk

In 2015 the three years period of use approved by Resolution 323/2012/E com ended and it was marked by important regulatory interventions by the Authority.

For year 2016 the implementation of ADR (Alternative Dispute Resolution) discipline is expected and the Authority, with Resolution 522/2015/E/com, as well as with other documents (the DCO 562/2015/E/com and the DCO 614/2015/E/com, still subject to discussion), is enacting the provisions contained in Legislative Decree 130/2015. Such discipline may have a relevant impact on the Help Desk, in light of the mandatory conciliation as a condition to proceed with judicial claim by the consumers and the proposal to delete the alternativity of such protection measures, with a view to consider the conciliation as the sole “second level” instrument. In any case, the Help Desk will be maintained for claims on social bonuses and detachments, both subject to a special procedure

In this context, and in accordance with the Authority, it was decided to propose an update to the Operating Project of the Help Desk, containing the estimate of calls to the Call Center for the 2016-2018 year period, taking also into account the annual draft law for the market and competition, currently being discussed in Parliament, and the estimates of the incoming complaints only for the year 2016, thus postponing the definition of the new project once the Authority has established the regulation that will define the mode of implementation of reforms affecting remedies in consumer support.

2016 will be a transition period for the Help Desk and a moment of important choices to take all the necessary actions to guarantee enhancement of the new protective regulation applicable to all the

sectors regulated by the Authority, thus rising capabilities and the instruments so far developed together with Settlement Service for energy customers.

Settlement Service for energy customers

The experimental phase of the Service ended in December 2015.

2016 will be aimed at enhancing the Service structure, in order to manage the increasing volumes due to recent legislation and change of the protection measures currently ongoing.

In addition, the ongoing consultation processes - which should be completed in 2016 - provide for the centrality of the ADR instrument and, for it, the Conciliation Service. Therefore, should the Authority adopt the proposal (in consultation) for the mandatory nature of the settlement at the beginning of a claim through bodied registered at the ADR List, the Service will see an increase in volumes to an extent dependent also by the number and type of additional bodies ADR will be entered in the list (to date in addition to the service is registered only ENI joint conciliation).

The actual increase in volumes will also depend on the sector operators obligation to adhere to settlements held by the Service. It has to be reminded that the Authority, in the experimental phase (2013-2015) introduced this requirement for some operators (eg. distributors and those under enhanced protection) and predicted "ad tempus" obligations to others (who are self-bound to join).

It follows that currently the Service has voluntary nature only for the free market operators who decide each time whether to join (e.g. Energy, Enel, Edison Energy and Sorgenia), while the other major operators are required to adhere (eg. Enel Electric Service, Enel Distribuzione, Italgas) or self-bound (e.g. Acea Energia, Eni, GDF, Iren).

Integrated Information System

The most significant developments in IIS activity expected in 2016 mainly regard:

- Execution of switching processes through the use of the Integrated Information System at the active delivery points, together with management of contracts termination and activation of last resort services, in execution of Resolution 487/2015/R/eel;
- Extension of RCU content to electricity sector, in execution of Resolution 628/2015/R/eel; the extension of the information content of RCU is aimed at:
 - Optimize processes managed through ISS (termination, new supplies, enhanced protection and safeguard services);

- Foster the reform process of the retail market and the activities to change the transmission, measurement and distribution fees;
 - Structure data management of IIS, with the purpose to extend the hourly system to a higher number of users;
 - integrate the management of electricity and gas Bonus;
 - support collection of RAI (Italian National Tv Broadcasting) fee through electricity bills.
- Implementation of measures to endure collection of RAI fees in the electricity bill, in accordance with 2016 stability law;
 - The management of consumption measurement flows all 37 million delivery points in the electricity sector (hour based and not);
 - Supply of the precheck service and management of TISG (Integrated Text for Gas Settlement) for gas sector, in accordance with Resolution 418/2015/R/com;
 - Implementation of transfer process in the gas sector.

In anticipation of the Authority developments, even in 2016 there will be strengthening and consolidation of the primary site interventions, in order to adequately support greatly increased operating volumes.

Moreover, the activities related to process management assigned to the Gestore, the use of technological infrastructure and the software for services supply will continue.

Retail Market Monitoring system for electricity and natural gas

For 2016 the continuation of support is expected for:

- Collection management handled in the previous year, with the procedures established
- Identification of specific phenomena with the performance of the subsequent processing and any necessary investigations with the responsible entities involved.

Italian Central Stockholding Entity - OCSIT

In the first months of 2016 the downward trend in the prices of petroleum products continued, which had already characterized most of 2015. In such market context, conducive for those who need to accumulate stocks with a long-term, OCSIT will be committed to increase purchases, limited year 2016/2017, for an additional day stocks than the two already budgeted in that business plan.

The increase, already approved by the company's Board of Directors on November 25, 2015, would allow OCSIT to purchase three stock days (about 300 kT of products), rising to a total of six days stocks (over 600 kT of products), considering those purchased in previous years. This action will:

- optimize the financing already obtained, equal to EUR 300 million, thus using all the available funds;
- mediate downward the products purchase costs;
- produce a benefit also for the system operators.

Pursuant to art. 2, paragraph 3, of the Guidelines by the Ministry of Economic Development dated January 31, 2014, by February 15, OCSIT gave notice to the Director General for security of supply and energy infrastructure of the Ministry of Economic Development in relation to the actual costs incurred by the same during 2015 (cd expenditure accounts), necessary for determining the amount to an adjustment of the contribution.

Regarding new stocking obligations, the Ministry decree in enactment in February will determine the total quantities of emergency stocks and specifications to be held by the system for the year 2016 inventory, which will begin on April 1.

In parallel, OCSIT focused on the formalities for the bid award concerning stockholding capacity and purchase of petroleum stocks that should be delivered by the beginning of the new stocking year.

OTHER INFORMATION

Concerning the overall provision in Article 2428, paragraph 1 of the Italian Civil Code, for the description of the "principal risks and uncertainties" to which the Company could be exposed, the respective negotiations are described in the specific chapters and sections of the Report on Operations, which sets forth the relevant content relating to the various regulatory, operational and organizational areas dealt with. We refer, in particular, to the following sections of the report:

- The juridical-legal regulation and its implications, particularly with respect to the regulatory laws and rules applicable, are highlighted among the "key elements of the legislation and reference areas." That section includes the main regulatory issues of each area of business activity;
- The subsection on "risk management," located within the section on activities in the energy markets, outlines in synthesis the method of use of the supply agreements to hedge the risk of fluctuations in the market price; the amount of energy exchanged through such contracts (purchases at the physical end) is properly outlined and compared to the amount in the previous year;
- Any element of uncertainty concerning the Company's receivables is summarized in the subsection on "management of credit and disputes with the companies providing the enhanced protection service" in the section "Management of Disputes". The Notes to the Accounts also show the amount of credits, their progress, their breakdown by sub-items and the special handling of doubtful claims;
- In the subsection on "management of disputes", under "Other Disputes", there is also a description of the salient facts concerning possible legal disputes (other than those pertaining to the performance of the credit positions) and their implications, where relevant and applicable;
- The section "Tax Rulings" shows the information concerning the tax audit, performed on a claim on the year 2008 and its sequels. It is pointed out that the explanatory notes also give, for further completeness, the principal information relating to the audit in question;
- In the subsection on "business information systems" under "Central Systems and Information Security Activities to Prevent Risks", the devices dedicated to physical and logistical security are briefly described as means of ensuring the confidentiality, integrity and availability of corporate information, and functionally the prevention and containment of the risks potentially affecting information. In this area, the tools used to address situations of temporary unavailability of one or more systems are briefly described, such as the sites for disaster recovery and business continuity.

As for the details referred to in paragraph 2 of Article 2428 of the Civil Code, it should be noted that the Company has not purchased or sold during the year, either through trust companies or nominees/holding companies, any own treasury stock or common stock of the controlling company.

It has to be noted that the Company did not carry out research and development in 2014.

Finally, no events qualified as “relevant events” occurred following year end.

BALANCE SHEET

YEAR 2015

LIABILITIES

	Partial	Total	Partial	Total	Changes
		31.12.2015		31.12.2014	
		EUR		EUR	
A) SHAREHOLDERS' EQUITY					
I. Share capital		7,500,000		7,500,000	-
IV. Legal reserve		1,099,581		1,082,816	16,765
VII. Other reserves:					
- Extraordinary reserve		124,686		872,320	(747,634)
IX. Profit of the year		196,593		335,307	(138,714)
Total shareholders' equity		8,920,860		9,790,443	(869,583)
B) PROVISIONS FOR RISKS AND CHARGES					
2) Taxes including deferred liabilities		155,841		528,788	(372,947)
3) Other		1,264,264		1,032,464	231,800
Total provisions for risks and charges		1,420,105		1,561,252	(141,147)
C) EMPLOYEE SEVERENCE PAY FUND		642,539		643,390	(851)
	<i>Due after 12 months</i>		<i>Due after 12 months</i>		
D) PAYABLES					
4) Due to banks					
- short term		26,182,982		30,585,848	(4,402,866)
- medium and long term	184,850,000	184,850,000	78,000,000	78,000,000	106,850,000
7) Trade payables		716,607,809		880,081,914	(163,474,105)
11) Due to parent companies		327,133		275,322	51,811
12) Tax payables		385,790		285,261	100,529
13) Payables to social security institutions		571,482		568,640	2,842
14) Other payables		9,723,786		10,151,443	(427,657)
15) Due to Energy and Environment Services Fund		334,721		110,456	224,265
Total payables		938,983,703		1,000,058,884	(61,075,181)
E) ACCRUED COSTS AND DEFERRED INCOME					
Accrued costs		9,285		9,822	(537)
Total accrued costs and deferrals		9,285		9,822	(537)
Total liabilities		941,055,632		1,002,273,348	(61,217,716)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		949,976,492		1,012,063,791	(62,087,299)
MEMORANDUM ACCOUNTS					
Other:		1,426,326,790		1,432,980,542	
a) Collateral and guarantees received		1,392,392,704		1,399,046,456	(6,653,752)
b) Collateral and guarantees given		33,866,407		33,866,407	-
c) Advances on severance pay		67,679		67,679	-
Commitments to suppliers		890,022,725		2,349,140,236	(1,459,117,511)
Assets of the parent company held at the Company		-		7,500,000	(7,500,000)
Total memorandum accounts		2,316,349,515		3,789,620,778	(1,473,271,263)

PROFIT & LOSS ACCOUNT

YEAR 2015

PROFIT & LOSS ACCOUNT (EUR)	Partial	Total	Partial	Total	Changes
A) PRODUCTION VALUE	2015		2014		
1) Revenues from sales and services:					
a) revenues from the sale of electricity	4,186,870,580		4,965,067,747		(778,197,167)
b) revenues from hedging contracts	-		130,360		(130,360)
c) other revenues related to energy	24,238,284		33,409,234		(9,170,950)
d) revenues to cover operating non-energy costs	19,556,828		15,207,680		4,349,148
		4,230,665,692		5,013,815,021	(783,149,329)
5) Other revenues and income					
a) contingent assets related to energy	161,301,703		171,366,545		(10,064,842)
b) income and other revenues	770,231		1,597,547		(827,316)
		162,071,934		172,964,092	(10,892,158)
Total production value		4,392,737,626		5,186,779,113	(794,041,487)
B) PRODUCTION COSTS					
6) Raw materials, supplies, consumables and goods:					
a) purchase of energy on the electricity market	3,421,608,483		4,093,313,239		(671,704,756)
b) costs of hedging contracts	-		31,798,067		(31,798,067)
c) balancing fees	147,566,804		22,763,477		124,803,327
e) other purchases of energy	2,435,950		3,484,335		(1,048,385)
f) other	20,119		22,264		(2,145)
		3,571,631,356		4,151,381,382	(579,750,026)
7) For services					
a) dispatching, services related to energy	631,007,628		836,658,703		(205,651,075)
b) sundry services	8,118,251		8,873,379		(755,128)
		639,125,879		845,532,082	(206,406,203)
8) Use of third party's assets		5,401,957		2,252,978	3,148,979
9) For personnel:					
a) wages & salaries	9,049,990		8,866,573		183,417
b) social security contributions	2,578,909		2,570,426		8,483
c) termination indemnities	620,487		603,081		17,406
e) other costs	317,057		287,391		29,666
		12,566,443		12,327,471	238,972
10) Depreciation and amortization					
a) amortization of intangible assets	1,556,543		1,107,570		448,973
b) depreciation of tangible fixed asset	336,612		258,785		77,827
c) Other write-downs of fixed assets	178,324		7,539		170,785
		2,071,479		1,373,894	697,585
14) Other operating costs					
a) Contingent liabilities relating to energy	161,301,703		171,366,545		(10,064,842)
b) other charges	299,815		1,977,914		(1,678,099)
		161,601,518		173,344,459	(11,742,941)
Total production costs		4,392,398,632		5,186,212,266	(793,813,634)
Difference between value and production costs (A-B)		338,994		566,847	(227,853)
C) FINANCIAL INCOME AND CHARGES					
16) Other financial income:					
a) long term receivables	1,083		1,085		(2)
d) other income	2,632,194		1,706,364		925,830
		2,633,277		1,707,449	925,828
17) Interest and other financial charges:					
a) to parent company	-		10,195		(10,195)
b) other	2,576,685		1,144,939		1,431,746
		2,576,685		1,155,134	1,421,551
Total financial income and charges		56,592		552,315	(495,723)
D) IMPAIRMENT OF FINANCIAL ASSETS					
Total impairment of financial assets					
E) EXTRAORDINARY ITEMS					
20) Income					
- various	64,568		44,105		20,463
		64,568		44,105	20,463
21) Expenses					
- various	90,027		629,481		(539,454)
		90,027		629,481	(539,454)
Total extraordinary		(25,459)		(585,376)	559,917
Income before taxes (A-B+C+D+E)		370,127		533,786	(163,659)
22) Income taxes, current and deferred:					
a) income taxes	712,808		1,300,196		(587,388)
b) deferred tax liabilities	(372,947)		(756,148)		383,201
c) deferred tax assets	(166,327)		(345,569)		179,242
		173,534		198,479	(24,945)
23) Profit of the year		196,593		335,307	(138,714)

NOTES TO THE FINANCIAL STATEMENTS 2015

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

The structure, composition and classification of items in the balance sheet, profit- and-loss statement and accompanying notes are consistent with the provisions of the Legislative Decree of April 9, 1991, 127 and, in particular, with the format set forth in articles 2424 and 2425 of the Italian Civil Code and the Italian Accounting Organization (OIC) 12. Additionally, the accounts are based on the accounting principles and criteria developed by the OIC.

According to Article 2423, paragraph 5 of the Civil Code, the balance sheet and the profit-and-loss statement have been prepared in EUR, without decimal places, while in the notes, in accordance with local regulations, the values are expressed in thousands of EUR.

All assets and liabilities as at December 31, 2015 are presented alongside the corresponding amounts for the previous year, in accordance with Article 2423 ter, paragraph 5 of the Civil Code.

During the year there have been no exceptional circumstances that required the use of the exemptions contained in Article 2423, paragraph 4 of the Civil Code. The valuation of balance-sheet items was carried out in compliance with the provisions of Article 2426 of the Civil Code.

For a better representation of the equity, financial and economic status of the Company in support of the Report on Operations, the balance sheet and the profit- and-loss account have been presented in summary form. They also provide all the information deemed necessary to give a true and fair view, even if not specifically required by law. In compliance with the provisions of Article 2423-ter (Structure of the balance sheet and profit-and-loss account), some items in the accounts have been appropriately adapted and added. The most significant accounting policies adopted for preparing the annual accounts at December 31, 2015, and the contents and changes in individual items in it, are set forth below.

Finally, to complete the balance sheet and profit-and-loss account, a Cash Flow Statement has been prepared, which shows the changes in cash and cash equivalents during the year.

ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

For the preparation of annual accounts for 2015, the valuation criteria set forth in Article 2426 of the Civil Code have been adopted, interpreted and supplemented by the accounting principles prepared and issued by the Italian Accounting Organization (OIC). The accounting policies have been adjusted with the changes, additions and new items introduced in the context of the upgrade of the Italian national accounting standards in 2014, approved and definitively published by the OIC on August 5, 2014 (with the exception of OIC 24 approved on January 28, 2015).

Intangible assets

Intangible assets are stated at cost of acquisition in accordance with Article 2426, paragraph 1 of the Italian Civil Code.

The item “Industrial patent and intellectual property rights” is amortized over an estimated useful life of three years.

Concessions, licenses, trademarks and similar rights relate to costs incurred for their purchase and are amortized over a period of ten years.

Other intangible assets are amortized over the period of expected future use of three years, except for the sub-item represented by the so-called up-front commission on the financing granted to OCSIT for the purchase of the stocks. This fee, paid in a lump sum, is amortized on a straight-line basis over the lifetime of the loan (five years).

In the event that, regardless of the amount previously recorded, an impairment loss occurs, the asset is written down. In subsequent years, if the reasons that justified the devaluation cease to apply, the original value is restored, up to the value that the asset would have had if the impairment loss had never taken place, except for the goodwill and "charges over several years" mentioned in paragraph 5 of Article 2426 of the Civil Code.

Tangible assets

The specific stocks belonging to OCSIT are classified as property and equipment, as held on a permanent basis.

They are stated at acquisition cost, net of natural losses, valued at weighted average cost with any write-down for impairment loss. In the presence of a drop in current oil prices, the loss of value is generally assumed to be temporary, in that the possible realization of the stocks would only arise in situations of extreme severity and, in particular, in the event of serious shortage of oil resources, which suggests a reasonably presumed related rise in prices. Should the realizable value of OCSIT stocks, on the contrary, be lower than the value shown in the accounts, the difference would in any case be fully covered, in accordance with article 1, paragraph 8 of MED Decree dated 31.1.2014 (Official Guideline or “Atto di Indirizzo” in Italian).

Tangible fixed assets relating to “Other assets” are stated at acquisition cost, which also includes the related costs incurred, and are depreciated on a straight-line basis using rates that are determined in relation to their possible residual utility. In particular:

- Fixed client PCs and laptops are amortized over a three-year period;
- Other assets are amortized over a five-year period.

In the event that, regardless of the previously recorded amortization, there is an impairment loss, the asset is written down correspondingly. If in subsequent years the reasons that justified the devaluation cease to apply, they will be restored to their original value, up to the value that the asset would have had if the impairment loss had never taken place.

The costs of ordinary maintenance, as not affecting the level or the potential use of the assets, are charged in the year they are incurred. The maintenance costs, however, with an incremental value are allocated to the related assets and depreciated over the remaining useful life of the assets.

Financial assets

Financial assets include "loans to employees" for amounts loaned in accordance with the contract law in force. The item is entered at nominal value.

Receivables and payables

Receivables are stated at the estimated realisable value and classified, according to their nature and purpose, under “Financial Investments” or “Current Assets.” Creditors are stated at nominal value.

Accruals and deferrals

They are determined according to the accrual basis.

Provisions for risks and charges

Provisions for risks and charges include costs and charges of a specific nature, certain or likely, but for which, at year end, the amount and/or the date of occurrence are undetermined. The provisions reflect the best possible estimate based on the information available. Risks for which the emergence of a liability appears merely possible are indicated in special notes.

Pension provision

This is established in compliance with laws and labor contracts in force and reflects the liabilities accrued in respect of all employees at the balance sheet date, net of advances paid under the law, as well as amounts paid in supplementary pensions. Following the entry into force of the Law of December 27, 2006 No. 296 (2007 Finance Law), the benefit is reduced even for the shares transferred to the Treasury Fund set up with INPS (the Italian state social security entity).

Memorandum accounts

The valuation criteria and the content of these accounts are in accordance with Document No. 22 OIC. Specifically, the item Real and personal collateral received is recorded at nominal value.

It is pointed out that the memorandum accounts do not include the information contained and recorded in the notes.

Revenues and Costs

They are entered in accordance with the principle of prudence and economic attribution and are net of rebates and discounts. Revenue from services and the sale of goods is entered when the service is supplied or on transfer of ownership of the goods.

Revenues and costs relating to the purchase of electricity are supplemented with appropriate accounting estimates based on the provisions of the law, the Authority for Electricity and Gas and the system for

water, in force during the reporting period. These estimates, which are typical of the activities carried out by the Company, are the result of calculations performed by the technical and commercial departments based on available information, including by comparison with the main counterparties.

With reference to the purchase and sale of electricity and related services, the application of the legislation relates to AU, as well as the general principles of proper accounting for accruals and correlation between revenue and expenses, involving the achievement of equivalence, by means of appropriate accounting estimates, between revenues and corresponding costs. The coverage of the costs of the purchase and sale of energy complies, in particular, with the provisions of the following standards:

- Article 4, paragraph 6, of Legislative Decree No. 79/99, which provides that the balance of the accounts is ensured by AU. The principle of the balancing of AU has been, among other things, referred to by Article 4 of the Decree of the Minister of Productive Activities of December 19, 2003;
- Article 11.3, Exhibit A, of the Authority for Electricity and Gas No. 156/07, in stipulating that the criteria for determining the price of electricity sold to operators of the enhanced protection service, provides, in substance, that AU should cover its operational costs of managing the activities relating to energy.

With respect to income to cover expenses related to areas other than the management of the sale of energy and related services (Consumer Help Desk and Other Assets in pooling by the Authority, Integrated Information System and Italian Central Stockholding Entity), the items are entered on:

- Assuming accounting equilibrium between revenues and related costs, in accordance with the applicable laws on the matter;
- The assumption of the existence of official acts of the supervisory authorities that enable the recognition of an accrual of fees and their amount, based on the principle of reasonable confidence of the maturation of the same amounts (on a case by case, they may be the acts that approve the final statement or, the acts which formally authorize the budget for the year, as long as the final balance is kept within the limits of the budget itself).

Income taxes

Current taxes on income are entered with a balancing of payables/tax receivables, net of prepayments and withholdings, based on the estimated taxable income, determined in accordance with the provisions in force and taking into account the applicable tax benefits and credits.

In application of document No. 25 OIC, if any assumptions are met, deferred and prepaid taxes are recorded based on the timing differences between gross profit and taxable income.

If the recalculation shows an anticipated tax cost, it is registered among prepaid taxes only to the extent that there is reasonable certainty of its future recovery.

System for keeping records of separate transactions and balances of the Integrated Information System (IIS) and the Italian Central Stockholding Entity (OCSIT)

As envisaged by Resolution Arg/com 201/10 of the Authority for Electricity and Gas and the water system, in reference to the IIS, and Legislative Decree No. 249 of December 31, 2012, regarding OCSIT, AU adopts appropriate systems for keeping records of transactions and balances of the IIS and of OCSIT in a distinct manner, as if their activities had been performed through a separate entity.

More specifically, based on appropriate methodological models approved by the senior management of the Company, AU prepares special separate annual accounts for the IIS and OCSIT, to be submitted to the regulators, respectively for IIS within 60 days of the approval of the annual accounts, for OCSIT within 90 days of the approval of the annual accounts.

The separate annual accounts comprise, in summary, the following reports:

- The balance sheet;
- The profit-and-loss statement;
- Accounting details and comments in the notes on the criteria and methodologies adopted.

Regarding the financial reporting information that pertains to AU S.p.A., the following points are noted:

- In specific chapters of the Report on Operations, there is summary information regarding the development and management of the IIS and OCSIT;
- In one table, which is also included in the Report on Operations, the costs of operating AU S.p.A., are broken down by macro-area of activities. This table specifically records operating costs attributed, by economic attribution, to the IIS and to OCSIT;
- An analysis of the respective tables of the notes to these annual accounts shows separately, where relevant and significant, the amounts of the balance sheet and income items relating to business under accounting separation.

Specifically, amounts must be reported for the stocks belonging to OCSIT, recorded within tangible assets and the related financing granted for the purchase of the same stocks, recorded in the borrowing from banks.

BALANCE SHEET

ASSETS

UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS

As at December 31, 2015, the item had a zero balance.

FIXED ASSETS – EUR 189,422 thousand

Intangible assets – EUR 3,275 thousand

The analysis of this item and movements during the year are as follows:

EUR thousand

	Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Assets under development and advances	Other	Total
Position as at 31.12.2014					
Original cost	4,670	10	133	2,673	7,486
Amortization	(2,630)	(5)	-	(1,738)	(4,373)
Balance as at 31.12.2014	2,040	5	133	935	3,113
Movements of year 2015					
Increases	1,245	-	3	471	1,719
Entering services	97	-	(98)	1	-
Amortization	(1,197)	(1)	-	(359)	(1,557)
Balance movements of year 2015	145	(1)	(95)	113	162
Position as at 31.12.2015					
Original cost	6,012	10	38	3,145	9,205
Accumulated amortization	(3,827)	(6)	-	(2,097)	(5,930)
Balance as at 31.12.2015	2,185	4	38	1,048	3,275

The item “Industrial patent intellectual property rights” of EUR 2,185 thousand relates to basic and specific software application packages, with the related evolutionary maintenance.

The increases that occurred in the year (EUR 1,245 thousand) are mainly attributable to investments made by the Integrated Information System (EUR 1,139 thousand), for the development of new features related to the implementation of the System itself.

Further increases of the year are due to the purchase of software licenses for the management of the Database, for the realization of the OCSIT information system and for a number of software products having the purpose to manage the virtual infrastructure of internet portals.

Concessions, licenses, trademarks and similar rights (EUR 4 thousand) mainly include the costs incurred by the Company for registration of the OCSIT trademark (EUR 4 thousand).

Intangible assets under development, of EUR 38 thousand, relate almost exclusively to projects not yet completed, concerning the Integrated Information System.

The other intangible assets, amounting to EUR 1,048 thousand, include the residual value of the upfront commission in the medium term, for supply of OCSIT oil stocks (EUR 525 thousand).

It also relates to the application software of the computer operating system, developed for the specific needs of AU and related customisation, mainly for the following features:

- trading on the Power Exchange, management of physical bilateral contracts;
- demands prediction;
- calculation and prediction of sales prices;
- CRM, Portal for Customers and Operators for the management of consumer complaints;
- online system for settlements management
- platforms for handling statistics on energy and mandatory stocks.

The increases (EUR 471 thousand) relate primarily to the following activities:

- realization of the OCSIT Web Portal for tenders for the acquisition of stockholding capacity and petroleum products;
- personalization of the “Energy Retail” system, used for the calculation of the sale price;
- evolutive interventions on virtual systems for networks and applications monitoring;
- realization of the Consumers Portal for on line management of claims from energy and gas customers and integration with the Protocol system;
- evolutive maintenance of Stocks application, for management and monitoring of the obligation to keep petroleum stocks and for statistics in the energy sector;
- implementation of the electronic billing.

Tangible assets – EUR 185,821 thousand

The table below indicates the level and movements of the item.

<i>EUR thousand</i>	Specific stocks OCSIT	Other assets	Assets under construction and advances	Total
Position as at 31.12.2014				
Original cost	74,255	2,711	19	76,985
Accumulated depreciation	-	(1,590)	-	(1,590)
Decreases	(8)	-	-	(8)
Balance as at 31.12.2014	74,247	1,121	19	75,387
Movements of year 2015				
Increases	110,734	215	-	110,949
Changes	-	19	(19)	-
Depreciation	-	(337)	-	(337)
Decreases	(178)	-	-	(178)
Movements of year 2015	110,556	(103)	(19)	110,434
Position as at 31.12.2015				
Original cost	184,989	2,945	-	187,934
Accumulated depreciation	-	(1,927)	-	(1,927)
Decreases	(186)	-	-	(186)
Balance as at 31.12.2015	184,803	1,018	-	185,821

The item primarily relates to the value of the year-end stocks of petroleum products of OCSIT, considered as a long-term investment (EUR 184,803 thousand).

With reference to stocks of OCSIT, the increases, amounting to EUR 110.734 thousand, are in essence made by the initial investment made in 2015, with which two days of additional stocks were purchased. They also include the value of the reinstatement of the so-called natural losses of stock (EUR 137 thousand) that took place during the year.

The decreases (EUR 178 thousand) relate to the economic value of the cost of natural losses, recorded in the accounts based on the quantity of product found on December 31, from the tax records of the depots, the value of which has been determined at the weighted average cost.

Given the financing contract granted to OCSIT for the purchase of stocks, it should be noted, in compliance with Article 2447 - decies of Italian Civil Code, that the proceeds deriving from the sale of stocks in question is tied exclusively to the repayment of the loan, in accordance with Article 2447-bis, paragraph 1b of the Civil Code. Under this loan agreement, the beneficiary AU has undertaken not to create or permit to subsist any encumbrance on the stocks in question. In any case, the sale of stocks of

OCSIT requires the prior authorization by the governing Authority; should the realization value of said stocks be different from the value recorded in the accounts, the positive difference shall be used to cover OCSIT costs and expenses, while the negative difference will be fully covered by the contribution under article 7, para. 4 and 5 of Legislative Decree 249/2012, in accordance with article 1, paragraph 8 of MED Decree dated January 31, 2014 (Official Guideline).

The valuation at December 31, 2015 of the stocks in question, analyzed by type of product and with the indication of their amount, is set forth in a separate version of the Report on Operations.

In compliance with the limitation period under Article 2426, paragraph 10 of the Civil Code, the difference is set forth in the following table between the budgeted cost of stocks in question, by category of goods, and value at the end of the year.

Product stocks of OCSIT - differences between the book value at 31.12.2015 and the valuation at market price

EUR thousand

	Book value	Market value as at 31/12/2015	Difference
Gasoline – Super Un-leaded	41,273	25,612	(15,661)
- Automotive diesel	122,865	64,266	(58,599)
- Jet fuel	17,611	9,623	(7,988)
- Heavy Fuel oil	3,054	1,240	(1,814)
Total	184,803	100,741	(84,062)

The difference that can be deduced from the model, amounting to - EUR 84,062 thousand, is attributable to the sharp fluctuations in the prices of petroleum products, due to the evolution of the international geopolitical context.

It is considered that these differences do not have a permanent character, such as to give rise to write-downs, as given their peculiar nature of "strategic" stocks any sale would be expected only in situations of extreme need, for lack of oil supplies, which therefore makes it reasonable to assume that the realizable value would be not less than the historic value. Instead, should the realization value but lower than the value accounted, the coverage guaranteed by MED's Official Guidelines would apply.

Other assets, amounting to EUR 1,018 thousand, mainly refer to the supply of hardware for the Integrated Informative System (EUR 728 thousand). This includes also thousand relates to hardware of user workstations (desktop PCs, mobile PCs and accessories) composing the IT infrastructure of AU, that is mainly composed of servers, memory mass devices and security systems.

The increases registered in 2015, equal to EUR 215 thousand, are mainly due to investments made by the IIS (EUR 168 thousand).

Financial assets – EUR 326 thousand

Other receivables – EUR 326 thousand

This accounts item includes loans made to employees in accordance with the applicable contractual provisions (first home purchase, important family needs, etc.), for an amount of EUR 326 thousand.

The detailed table, inserted to complete the presentation of the assets, shows the amount of debtors collectible within and beyond five years

CURRENT ASSETS – EUR 760,415 thousand

RECEIVABLES– EUR 749,115 thousand

The indication of amounts due within and beyond 5 years is shown in the schedule, to complete the assets analysis.

Receivables from customers – EUR 738,087 thousand

The breakdown of the balance is shown in the following table:

<i>EUR thousand</i>	31.12.2015	31.12.2014	Changes
Receivables for selling electricity to enhanced protection service operators	717,774	899,415	(181,641)
Loans for operators' enhanced protection fees Integrated Information System (IIS)-protected electricity market	538	514	24
Loans for operators' enhanced protection fees Integrated Information System (IIS)-open market	328	-	328
Receivables from gas operators for Integrated Information system	505	630	(125)
Receivables from petroleum operators to cover OCSIT costs	4,933	3,525	1,408
Loans to Terna for imbalance amounts due	13,854	10,795	3,059
Differences accrued on hedging contracts	-	36	(36)
Accrued interest on arrears	616	719	(103)
Total trade receivables	738,548	915,634	(177,086)
Provision for doubtful debts	(461)	(488)	27
Total	738,087	915,146	(177,059)

Receivables for selling electricity primarily relates to credit for the sale of electricity to the companies providing the enhanced protection service (EUR 717,774 thousand). This amount is mainly due to the establishment of the credit for attribution to November and December 2015. In relation to this credit, invoices are issued in the months of January and February 2016. These invoices have been, at the date of preparation of these Accounts, collected for more than 99%.

The decrease registered as compared to the previous year (- EUR 181,641 thousand) is mainly due to decrease in revenues from sales to companies providing the enhanced protection service.

The item has been adjusted and supplemented, in accordance with the matching principle, in the light of the adjustments to be made. These findings are reported on the basis of the best estimates of the volume and the amounts concerned, in compliance with the resolutions of the Authority.

This item also includes receivables from Terna for balancing fees (EUR 13,854 thousand); receivables from oil operators for contributions to cover the costs of OCSIT (EUR 4,933 thousand); credits from fees to cover the costs of the Integrated Information System for the portion pertaining to the enhanced protection service operators in the electricity industry (EUR 538 thousand) and for that for the operators in the gas industry (EUR 505 thousand); claims for interest for late payment (EUR 616 thousand).

The amount of receivables is net of provisions for debts depreciation (EUR 461 thousand) for the adjustment to estimated realizable value.

This alignment follows the examination of the positions with regard to the enhanced protection service operators due at the end of the year, taking account of length of maturity due, the issue of guarantees, the instigation of lawsuits, etc.

As compared to the previous year, the Fund in question has shown a decrease of EUR 27 thousand, for the positive evolution of receivables in the interim, with a benefit to the Profit-and-Loss Account of the same amount.

<i>EUR thousand</i>	
	<i>Amount</i>
Provision as at 31.12.2014	488
Used	(27)
Provisions	-
Provision as at 31.12.2015	461

Due from parent company – EUR 5,128 thousand

This item consists mainly of the amount of the VAT credit to the parent company of EUR 5,051 thousand as well as receivables for other services (EUR 77 thousand). The trend in the last two years of the sub-items mentioned above can be taken from the following table.

<i>EUR thousand</i>			
	<i>31.12.2015</i>	<i>31.12.2014</i>	<i>Changes</i>
Due from parent company			
- VAT on credit	5,051	3,939	1,112
- Sundry services	77	75	2
Total	5,128	4,014	1,114

As compared to the previous year, the item showed an increase of EUR 1,114 thousand.

Tax receivables – EUR 620 thousand

The item is entered net of current tax liabilities, amounting to EUR 713 thousand. This includes mainly the advance payments of IRES and IRAP, amounting to EUR 1,127 thousand. The item also includes the receivable (EUR 142 thousand) entered following the submission of the application for

reimbursement for not deducting IRAP on costs for employees and assimilated persons in previous years, as well as smaller amounts (withholdings on bank interest, etc.).

The decrease from 2014, amounting to EUR 597 thousand, is due to reductions in current taxes (- EUR 587 thousand).

Deferred tax assets – EUR 511 thousand

This item, related to deductible timing differences, is recorded within the limits of reasonable certainty of their future recovery. It shows an increase of EUR 166 thousand, as compared to the previous year.

Other receivables – EUR 135 thousand

The following is a detailed breakdown of the item and changes over the previous year:

<i>EUR thousand</i>	31.12.2015	31.12.2014	Changes
Advances to suppliers	11	5	6
Receivables from seconded personnel - AEEGSI	60	218	(158)
Other	64	52	12
Total	135	275	(140)

The item increased by EUR 140 thousand compared with the previous year, mainly due to the growth of the sub-item for receivables for reimbursement of costs of personnel seconded to the AEEGSI.

Receivables from the Energy and Environment Services Fund (CSEA) – EUR 4,634 thousand

The item relates in essence to the amount accrued for fees, to be collected through the Energy and Environment Services Fund, aimed at covering the costs of operating activities in pooling of AEEGSI (Consumer Counter, Conciliation Services and Retail Market Monitoring).

The breakdown of this item is shown in the following table:

EUR thousand

	31.12.2015	31.12.2014	Changes
Receivables from CSEA:			
- Helpdesk	4,354	4,054	300
- Retail Monitoring	105	143	(38)
- Settlement service	139	82	57
- IIS	-	864	(864)
- Other	36	22	14
Total	4,634	5,165	(531)

As compared to the previous year, the item decreased for an amount of EUR 531 thousand.

CASH – EUR 11,300 thousand

The item is shown in the following table:

EUR thousand

	31.12.2015	31.12.2014	Changes
Bank deposits	11,296	8,188	3,108
Cash and cash equivalents	4	5	(1)
Total	11,300	8,193	3,107

The item Bank deposits primarily includes bank availability at the end year. It includes bank balances of OCSIT amounting to EUR 1,469 thousand, and of IIS, amounting to EUR 1,060 thousand, considered separately in the context of the administrative, accounting and management unbundling adopted. The item includes also the amount resulting from deposits made as cash deposits, instead of bank guarantees, made by companies belonging to the enhanced protective service (EUR 619 thousand).

As compared to 2014, the item increased of EUR 3,107 thousand, due to cashing of the advances on VAT taxes, arrived on 31 December, earlier than the previous year.

ACCRUED INCOME AND PREPAID EXPENSES – EUR 139 thousand

The balance-sheet item consists of prepaid costs related to postage, fees for technical support for software, hardware maintenance, etc.

The amount of this item increased, compared with 2014, by the amount of EUR 6 thousand.

The following table shows the breakdown of loans in relation to their maturity period:

EUR thousand

	Within 1 year	From 2 to 5 years	More than 5 years	Total
Receivables under financial assets				
Other receivables	29	104	193	326
Total financial receivables	29	104	193	326
Current receivables				
Trade receivables	738,087	-	-	738,087
Due from parent company	5,128	-	-	5,128
Tax receivables	620	-	-	620
Deferred tax assets	511	-	-	511
Receivable from CSEA	4,634	-	-	4,634
Other	135	-	-	135
Total current receivables	749,115	-	-	749,115
TOTAL	749,144	104	193	749,441

Amounts due after a year relate to the portion of loans to employees, disclosed under financial assets and loans to customers covered by extension plans. It should be noted that all claims due are from national counterparts.

TOTAL ASSETS – EUR 949,976 thousand

LIABILITIES:**SHAREHOLDERS' EQUITY – EUR 8,920 thousand**

Movements in Shareholders' equity during 2015 are shown in the following table:

<i>EUR thousand</i>					
	Share capital	Legal reserve	Other reserves	Profit for the year	Total
Balance as at 31.12.2013	7,500	1,065	2,890	363	11,818
Allocation of profit 2013:					
- legal reserve	-	18	-	(18)	-
- dividend distribution	-	-	-	(345)	(345)
Extraordinary reserve distribution	-	-	(2,018)	-	(2,018)
Result of the year 2014					
- Profit of the year	-	-	-	335	335
Balance as at 31.12.2014	7,500	1,083	872	335	9,790
Allocation of profit 2014:					
- legal reserve	-	16	-	(16)	-
- extraordinary reserve	-	-	170	(170)	-
- dividend distribution	-	-	-	(149)	(149)
Extraordinary reserve distribution	-	-	(917)	-	(917)
Result of the year 2015					
- Profit of the year	-	-	-	196	196
Balance as at 31.12.2015	7,500	1,099	125	196	8,920

With respect to the individual components of shareholders' equity, there is also an analysis by origin, the possibility of utilization and the distribution of reserves:

<i>Euro Thousand</i>				
Nature/Description	Amount	Possibility of use	Share available	
Share Capital	7,500			
Legal Reserve	1,099	B		1,099
Other reserves - Extraordinary distributable reserve	125	A, B, C		125
Total	8,724			1,224

Note: A) for share capital increase; B) to cover losses; C) for shareholders' distribution

It is also reported that in the years 2015, 2014 and 2013 reserves have been distributed for a total amount of EUR 2,935 thousand.

Share capital – EUR 7,500 thousand

The value of the share capital, which is fully paid, amounts to EUR 7,500 thousand and is represented by 7,500 thousand ordinary shares of nominal value of 1 EUR.

Legal reserve – EUR 1,099 thousand

Other reserves – EUR 125 thousand

This item includes the amount of the extraordinary reserve, created from allocations in previous years.

Profit for the year – EUR 196 thousand

The account represents the net profit for 2015.

PROVISIONS FOR RISK AND CHARGES – Eur, 1.420 thousand

Provision for taxes, including deferred liabilities – EUR 156 thousand

The provision includes provisions for deferred taxes, mainly in respect of timing differences on IRES linked to interest on late payments.

Changes in the provision for deferred taxes are shown in the following table:

<i>EUR thousand</i>	
	Amount
Provision as at 31.12.2014	529
Used	(392)
Provision	19
Provision as at 31.12.2015	156

The uses relate to:

- the reversal of deferred taxes for the amount of default interest collected during the year (EUR 61 thousand);
- the recovery of charges deducted only for tax purposes in previous years (EUR 331 thousand).

Provisions (EUR 19 thousand) related to taxable timing differences in future periods, related to interest on arrears for the year but not yet received.

The table below shows the changes (increases and decreases) of timing differences in the period covered by the deferred tax. These are calculated using the rates in effect (27.5% for IRES), to the extent provided by law (cf. Article 2427, paragraph 14 of the Civil Code).

<i>EUR thousand</i>				
Timing differences	2014	Increases	Decreases	2015
Timing differences for bad debts deducted for tax purposes only	2,769	-	(2,769)	-
Late payment interest	720	68	(221)	567
Total	3,489	68	(2,990)	567

The overall decrease of such differences is mainly due to recovery of amounts deducted for tax purposes in previous years, in light of reserves distribution in so far occurred.

Other funds– EUR 1,264 thousand

The item relates to “Fund for bonuses,” which includes costs recorded on an accrual basis. The fund in question includes charges for variable bonuses (MBO) for the Company top management and employees (executives and managers). It also relates to the estimated cost for the corporate performance bonus (PRA) and the one-off amount for employees. All costs are for the year 2015.

The appropriations are the result of the best estimates made by the competent offices of the Company, being made on the accrual basis. They pertain to the objectives and results relating to 2015, based on the principle of economic matching.

The changes in the provision in question are represented in the following table.

<i>EUR thousand</i>	
	Amount
Provision as at 31.12.2014	1,032
Used	(1,032)
Provision	1,264
Provision as at 31.12.2015	1,264

SEVERANCE INDEMNITY FUND – EUR 643 thousand

The changes during the year 2015 are detailed as follows:

<i>EUR thousand</i>	
Balance as at 31/12/2014	644
Provisions	621
Used	(9)
Other movements	(613)
Total as at 31/12/2015	643

The fund covers all entitlements to pension benefits accrued through December 31, 2015 for employees, due by law.

Other changes include the portion of the additional contribution of 0.50% under Article 3 of Law 297/82, for the employees' share of Severance Indemnity pay transferred to supplementary pension funds (FONDENEL and FOPEN), and the amount accrued in the year and transferred to the Treasury Fund set up with INPS.

PAYABLES – EUR 938,984 thousand

Due to banks– EUR 211,033 thousand

The breakdown is as follows:

<i>EUR thousand</i>	31.12.2015	31.12.2014	Changes
Due to banks:			
- short term	26,183	30,586	(4,403)
- medium/long term	184,850	78,000	106,850
Total	211,033	108,586	102,447

The sub-items are composed as follows:

- Short-term liabilities – EUR 26,183 thousand. This item shows a decrease of EUR 4,403 thousand as compared to December 31, 2014 and is due mainly to the above mentioned fixed term loan (so called “hot cash”), whose terms are more advantageous than the ordinary overdraft checking account, aimed at covering deficit arising from the failure to credit recovery, expired in December, towards the companies serving the enhanced protection market.. However, these debts were collected in early January 2016, with the payment of interest on arrears, thereby closing the bank overdraft. The amount also includes the liability pertaining to the commitment fee, equal to EUR 182 thousand, which matured in the period on the amounts not yet drawn from the financing for OCSIT.
- Medium and long-term liabilities - EUR 184,850 thousand, relates to the portion of the total funding of EUR 300 million, disbursed by OCSIT during 2014-2015 for the purchase of specific stocks for 3 days. This loan, maturing on June 30, 2019, bears interest at the six-month Euribor plus a spread. In the month of July, due to favorable market conditions and with a view to better manage to petroleum stocks, financially and economically, OCSIT renegotiated some terms of the loan, obtaining:
 - 1) a spread reduction from 120 to 90 basis points;
 - 2) a reduction of the commitment fee from 40 to 30 basis points;
 - 3) extension of funds availability period from December 31, 2015 to June 30, 2016.

It has to be noted that the loan was not subject to personal or real guarantees in favor of the financial institute, subject to the provision of an escrow account, to which any proceed deriving from the sales of the stocks in question will be transferred.

Payables to banks increased by EUR 102,447 thousand, as compared to the previous year, for higher amounts granted to OCSIT to execute the stock plan for 2015, consisting in two additional stock days.

Trade payables – EUR 716,608 thousand

The item in question, which shows a decrease of EUR 163,474 thousand from the previous year, is shown in the three core sub-items that make it up. The classification below is aimed to adequately represent, in terms of debt, the activity of electricity supply, compared to OCSIT operations.

Payables for purchases of energy and related services – EUR 714,512 thousand

The item includes payables, against invoices already received or to be received at December 31, 2015, for a total relating to the purchase of energy and related services, through various supply channels used by the Company. The details of the various batches are summarized in the tables below, giving the comparison with the corresponding figures of 2014.

EUR thousand

	31.12.2015	31.12.2014	Changes
Payables for differences accrued on hedging contracts	-	1,521	(1,521)
Payables for spot purchases of electricity	289	298	(9)
Payables to Terna for balancing fees	-	1,928	(1,928)
Payables to Terna for dispatching and other energy-related services	83,903	141,238	(57,335)
Payables to GME for energy purchases	630,095	732,887	(102,792)
Payables to GME for energy-related services	225	244	(19)
Total	714,512	878,116	(163,604)

It should also be pointed out that the debts pertaining to relations with GSE are recorded under “Due to parent companies.”

In correspondence with the collection performance of the amounts due from customers, contracts for the electricity purchased, together with contracts for services relating to energy (dispatching, etc.), are also normally adjusted in the second month following the month of reference.

Thus, the payables recorded mainly relate to costs incurred for attribution to November and December 2015. The item shows, compared with the previous year, a decrease of EUR 163,604 thousand, primarily related to the decrease in “Amounts owed to GME for energy purchases.”

Payables for the purchase of petroleum products and stocking services – EUR 247 thousand

This item pertains to invoices to be received for stockholding services of oil stocks provided by depositories, relating to 2014 and maturing in the months after December 31, 2014. In the previous year this item increased by EUR 179 thousand, as compared to the previous year.

Other – EUR 1,849 thousand

<i>EUR thousand</i>	31.12.2015	31.12.2014	Changes
Payables to advisers and suppliers for invoices to be settled	912	866	46
Payables to advisers and suppliers for invoices to be received	937	1,032	(95)
Total	1,849	1,898	(49)

The item includes the amounts of payables to other suppliers and consultants, for invoices already received and to be adjusted, as well with respect to invoices to be received at the reporting date.

As compared to the previous year, a slight decrease is recorded (- EUR 49 thousand)

Due to parent companies – EUR 327 thousand

The item is mainly represented by debts for invoices to be received and relating to service agreement with GSE. The item increased by EUR 52 thousand as compared to the previous year.

Tax payables – EUR 386 thousand

The item, which consists primarily of amounts due to the tax authorities by way of withholding tax on the payment of benefits to employees, increased as compared to December 31, 2014 by EUR 101 thousand. It is noted that the current tax liabilities, amounting to EUR 713 thousand, have been deducted from the tax credits.

Payables to social security institutions –EUR 571 thousand

The item is detailed in the following table:

<i>EUR thousand</i>			
	31.12.2015	31.12.2014	Changes
Payables to INPS	461	435	26
Other	110	134	(24)
Total	571	569	2

The item includes liabilities relating to contributions paid by the Company, levied on wages paid, on charges that accrued and unpaid personnel for holidays accrued but not taken, overtime and other allowances, as well as deductions from employees.

The item increased from the previous year by an amount of EUR 2 thousand.

Other payables – EUR 9,724 thousand

The item is detailed in the following table:

<i>EUR thousand</i>			
	31.12.2015	31.12.2014	Changes
Payables to employees and assimilated	381	360	21
Advance payments for operating fees subsequent years - Energy area	851	2,269	(1,418)
Advance payments for operating fees subsequent years - IIS	3,853	2,317	1,536
Advance payments for operating fees subsequent years - OCSIT	4,012	4,367	(355)
Deposit interest-bearing released by the operators	620	820	(200)
Sundry	7	18	(11)
Total	9,724	10,151	(427)

This item, showing a reduction of EUR 427 thousand as compared to the previous year, pertains to the share of the fees to cover operating costs, already invoiced or approved in 2015 but pertaining to future years. This amount has been allocated to specific areas of activity, specifically:

- For an amount of EUR 851 thousand, it pertains to the difference between the consideration for running costs of the energy, approved in advance for 2015 for an amount of EUR 9,341 thousand, and the resolution defined for the same year, based on the rate of return before taxes of the net assets (EUR 8,490 thousand);
- for an amount of EUR 3,853 thousand, it pertains to the difference between total revenue accrued in total by December 31, 2015, to cover the costs of operation of the Integrated Information System and the corresponding amount of costs accrued during the same time

period, valued in line with the unbundling model adopted. This surplus will be used to supplement the sums related to future years;

- for an amount of EUR 4,012 thousand, finally, it pertains to the difference between total revenue approved to cover the costs of operation of OCSIT in 2015, and the related amount of the charges accrued in the same period.

The item also includes the debt recorded against the security deposit granted in order to guarantee certain providers of the protected service (EUR 620 thousand), debts to employees (EUR 381 thousand) and other items.

Payables to Energy and Environment Services Fund (CSEA) – EUR 335 thousand

The item *Payables to Energy and Environment Services Fund (CSEA)* increased by EUR 224 thousand as compared to the previous year, and is the result of two opposite and partial variations:

- Decrease of EUR 111 thousand as effect of payment, in 2015, of the amount determined in the 2014 accounts, on the *Account for the equalisation of the costs of buying and dispatching of electricity for the service to additional safeguards*;
- Increase by EUR 335 thousand in return for payment to be made, on the same basis, for further items recorded in fiscal year 2015.

ACCRUED COSTS AND DEFERRED INCOME – EUR 9 thousand

The item relates only to accrued costs of EUR 9 thousand, mainly related to costs for solidarity contributions to FISDE.

The item remains unchanged from the previous year.

Regarding the breakdown of debts in relation to their residual maturity, it is specified that all liabilities listed on the balance sheet will expire within a year, except for the medium-term financing for OCSIT, whose maturity is scheduled for June 30, 2019.

The following table shows the model with the breakdown of the debts of the Company by geographic area.

EUR thousand

Payables by geographical area	ITALY	OTHER E.U. COUNTRIES	REST OF EUROPE	TOTAL
Due to banks	211,033	-	-	211,033
Trade payables	716,446	-	162	716,608
Due to parent companies	327	-	-	327
Tax payables	386	-	-	386
Payables to social security institutions	571	-	-	571
Payables to CSEA	335	-	-	335
Other payables	9,724	-	-	9,724
TOTAL DEBTS	938,822	-	162	938,984

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES – EUR 949,976 thousand

MEMORANDUM ACCOUNTS

EUR 2,316,350 thousand

The item is composed of the following items:

Collateral and guarantees received – EUR 1,392,393 thousand

These pledges, issued under Article 10 of the contract for the sale of electricity between AU and the companies operating the service, subject to additional safeguards, as updated by Resolution ARG/n Elt. 208/10 by the AEEGSI, guarantee loans of AU to the Company operating the service subject to additional safeguards, in an amount of not less than 1/6 of the annual cost, including VAT, sustained by each provider in the previous calendar year, for the supply of energy to its customers in the protected market.

In this context we mention the surety of EUR 1.15 billion at December 31, 2015, issued in favour of AU, on behalf of Enel Servizio Elettrico SpA, by ENEL SpA, to guarantee the obligations arising from the contract for the sale of electricity.

Among the guarantees received are also recorded, for an amount of EUR 42,975 thousand, guarantees issued in 2015 by energy companies, as a guarantee of the contractual obligations.

The account also includes the guarantees provided by the suppliers of goods and services other than energy, amounting to EUR 189 thousand, to guarantee payment of the obligations defined in the contracts with AU.

This includes, finally, mortgage on real estate, with a total guaranteed of EUR 423 thousand, issued by employees to the payment to them by the Company of loans for the purchase of their first home.

With reference to the line commented here it is stated that, although, no registration is required in the balance sheet, it has been considered appropriate to so indicate within the memorandum accounts, considering the peculiarities of the business and in order to make a clearer statement.

Personal guarantees to third parties – EUR 33,866 thousand

This item pertains to the guarantee required by GSE to AU and provided by AU in favour of the tax office, to cover the excess of deductible tax transferred to GSE within the Group VAT, compensated under Article 6 of D.M. of December 13, 1979.

Advances on pension benefits – EUR 68 thousand

This item pertains to advances on pension benefits for medical costs and to purchase a first home, as well as advances received from “former Enel” employees for the purchase of securities issued by Enel.

Commitments to suppliers – EUR 890.023 thousand

The item reflects commitments made by AU to suppliers for purchases of electricity for year 2016.

Assets of the parent company held by the Company – EUR 0

The item is no longer accounted, as the share certificate in the name of the parent company, representing 7,500,000 ordinary shares of Acquirente Unico S.p.A., having a par value of EUR 1, was returned to parent company’s availability.

PROFIT & LOSS ACCOUNT

PRODUCTION VALUE – EUR 4,392,738 thousand

Revenues from sales and services – EUR 4,230,666 thousand

This item includes the following sub-items.

It should be noted that revenues earned are recorded exclusively against national counterparts.

a) Revenues from sale of electricity – EUR 4,186,871 thousand

This item pertains to revenues from the sale of energy for companies providing the enhanced protection service, attributable to 2015, inclusive of the findings for the amounts invoiced in the first two months of 2016, attributable to November and December 2015. The amount is adjusted and supplemented by findings for sundry adjustments. Relative to 2014 there has been a decrease of EUR 778,197 thousand, with the performance being related, as also mentioned in the Report on Operations, to the performance in 2015 of the overall costs of electricity supply, including the burden of dispatching services and similar.

b) Other revenues relating to energy – EUR 24,238 thousand

The item pertains to the components listed in the following table, which shows the changes relative to the previous year.

<i>EUR thousand</i>	2015	2014	Changes
- Revenues for balancing fees	22,707	30,536	(7,829)
- Revenues from energy sales to GME for unbalance in program	-	2	(2)
- Revenues for non arbitrage fees	723	2,076	(1,353)
- Revenue from so called "extra grid" sales	808	795	13
Total	24,238	33,409	(9,171)

As compared to the previous year, the item shows a slight decrease (EUR 9,171 thousand).

c) Revenues to cover costs of non-energy operations – EUR 19,557 thousand

The items includes the fees to cover the costs of operation of the various types of business activities. In particular this means, as appropriate, fees paid by the Energy and Environment Services Fund, or invoiced directly to operators who are debtors.

It is noted that the amount invoiced to the enhanced protection service providers, to cover operating costs in the area of energy, is included under revenues from the sale of electricity, as it is not separately charged from the economic components of the cost for the purchase of energy and related services.

EUR thousand

	2015	2014	Changes
- Coverage costs - Help desk	8,041	8,219	(178)
- Coverage costs - Monitoring retail	196	213	(17)
- Coverage costs - Conciliation Service	364	262	102
- Coverage costs - IIS	5,403	4,526	877
- Coverage costs - OCSIT	5,553	1,988	3,565
Total	19,557	15,208	4,349

This item increased by EUR 4,349 thousand over that of the previous year, primarily to the increase of fees for coverage of the IIS and of OCSIT.

Other revenues and income – EUR 162,072 thousand

The item pertains to the sub-items described below.

a) Contingent assets pertaining to energy – EUR 161,302 thousand

The item pertains to the economic effects of adjustments related to energy, for the period 2010 (and earlier) - 2014, defined on the basis of assessments made by the technical departments of the Company, based on the information available.

The table below shows the relevant sub-items, with detail of the types and timing for generation of their accountability, as well as changes from the previous year.

EUR thousand

	2015	2014	Changes
Year 2010 and earlier			
- load profiling adjustment and various TERNA	11,009	10,859	150
- late adjustments	-	2,548	(2,548)
- load profiling adjustment operators additional safeguards	-	2,930	(2,930)
Total	11,009	16,337	(5,328)
Year 2011			
- load profiling adjustment and various TERNA	6,349	7,273	(924)
- load profiling adjustment operators additional safeguards	-	4	(4)
Total	6,349	7,277	(928)
Year 2012			
-load profiling adjustment and various TERNA	14,053	9,974	4,079
- load profiling adjustment operators additional safeguards	-	10,294	(10,294)
Total	14,053	20,268	(6,215)
Year 2013			
- load profiling adjustment and various TERNA	24,981	6,586	18,395
- load profiling adjustment operators additional safeguards	1,308	120,899	(119,591)
Total	26,289	127,485	(101,196)
Year 2014			
- load profiling adjustment and various TERNA	9,449	-	9,449
- load profiling adjustment operators additional safeguards	94,153	-	94,153
Total	103,602	-	103,602
Total	161,302	171,367	(10,065)

b) Income and other revenues – EUR 770 thousand

The item includes the items specifically listed in the table below, with the evidence of the relevant changes that occurred relative to 2014.

This item has decreased, as compared to the previous year, by EUR 827 thousand.

EUR thousand

	2015	2014	Changes
Reimbursement costs seconded personnel	384	393	(9)
Other Income and revenue	54	18	36
Contingent assets Integrated Information System (IIS)	-	267	(267)
Contingent assets release from allowance for receivables	27	639	(612)
Contingent assets non-energy	305	277	28
Contingent assets OCSIT	-	3	(3)
Total	770	1,597	(827)

This decrease is mainly attributable to the decrease of the amount of the Contingent assets for release from allowance of EUR 27 thousand (- EUR 612 thousand as compared to the previous year).

PRODUCTION COSTS – Eur 4,392,399 thousand

For raw materials, supplies, consumables and goods – EUR 3,571,631 thousand

These pertain mainly to costs for the purchase of energy through the various channels of supply that AU, consistent with the regulatory context of re-injury, uses (EUR 3,571,611 thousand), as per the table below.

The item includes purchases non related to energy (consumables, stationery, etc.) for a residual amount of EUR 20 thousand.

The table below shows a more detailed breakdown of costs for the purchase of electricity by type of supply, with the evidence of specific changes relative to the previous year. Details pertaining to the amount of energy transit are fully described in the related sections of the report.

<i>EUR thousand</i>			
	2015	2014	Changes
Cost purchase of energy			
Purchase of energy on the electricity market	3,421,608	4,093,313	(671,705)
Balancing fees for consumption units TERNA	147,567	22,764	124,803
Costs for CFD two-way contracts	-	31,798	(31,798)
Other purchases of energy			
So called "extra grid" purchases and other	808	795	13
Non arbitrage fees	1,628	2,689	(1,061)
Total	3,571,611	4,151,359	(579,748)

The overall costs for purchase of electricity show a decrease of EUR 579,748 as compared to 2014.

It should be recorded that the main counterpart is represented by GME, for purchases of energy on the electricity market, both on the forward market and on the day-ahead market (MGP), totaling EUR 3,421,608 thousand. This item records in 2015 a decrease of EUR 671,705 thousand.

Costs for services – EUR 639,126 thousand

The item primarily includes charges for services related to energy (dispatching and others), amounting to EUR 631,008 thousand, plus costs for various services, which amounted to EUR 8,118 thousand.

Charges for services pertaining to energy have been mainly charged by the Company Terna S.p.A. (EUR 629,689 thousand). Details on individual items in the cost of services related to energy is set forth in the following prospectus, with the comparison with the previous year. Such services show a decrease as compared to the previous year, amounting to EUR 205,651 thousand, of which EUR 171,720 thousand is due to reduction in the uplift costs.

<i>EUR thousand</i>	2015	2014	Changes
Cost of dispatching:	625,834	831,445	(205,611)
Consideration Procurement Resources Service in the Market for Dispatching UPLIFT	287,919	459,639	(171,720)
Consideration Coverage of costs of the essential units for Security System UESS	161,977	148,187	13,790
Consideration Coverage of Costs entered for Operation DIS	27,115	42,215	(15,100)
Availability of the Production Capacity CD	41,321	48,738	(7,417)
Consideration cover costs Remuneration of Service Load Interruptibility INT	106,112	132,666	(26,554)
Contribution to AEEGSI Decision 232/2015/A	1,390	-	1,390
Other services related to energy:	5,174	5,214	(40)
Consideration to cover costs for wind production Modulation Del. 5/10 AEEG - TERNA	1,156	931	225
Costs for aggregate measures for withdrawal al TERNA	2,699	2,823	(124)
Costs for GME operations	1,057	872	185
Costs for services from GME on electricity platform (PCE)	225	297	(72)
Costs for Services by GME electricity market futures (OTC)	37	291	(254)
Total	631,008	836,659	(205,651)

Starting from 2015, the costs for services related to energy, includes also the contribution to AEEGSI costs for functioning, amounting to EUR 1,390 thousand.

In fact, as anticipated by AEEGSI with its communication dated April 14, 2015, Decision dated September 29, 2015 no. 454/2015/R/EEL amended the Integrated Sales Regulation and introduced a new principle. According to such principle, the above mentioned cost for contribution within the b) component of the electricity sale price that refers to costs for functioning, instead of the component c) that refers to costs for functioning and was applied until 2014.

For this reason, until 2014, said contribution was accounted in the structure costs (sub “Other costs” under “Other management costs”).

With respect to the costs for supply of electricity and related services, they amount to EUR 4,202,619 thousand and show a decrease of EUR 785,399 thousand as compared to 2014 (-15.75%). The reasons for such change are contained in the Report on operations and summarized below.

As shown by the tables below, the decrease is due to the mixed effect of the reduction in the effective amounts supplied (- 961,500 MWh, equal to – 1.53% as compared to the previous year) and the reduction of the average purchase price, including services (-11.48 €/MWh, corresponding to – 14.44%).

Costs for purchase of energy (EUR thousand)

	2015	2014	Change	% Change
Costs for purchase of energy	4,202,619	4,988,018	(785,399)	-15.75%

Variation of reference parameters for purchases costs

	2015	2014	Variation	Variation %
Quantity in MWh	61,764,800	62,726,300	(961,500)	-1.53%
Unit cost (€/MWh)	68.04	79.52	(11.48)	-14.44%

Costs for other services, amounting to EUR 8,118 thousand, may be summarized as follows:

EUR thousand

	2015	2014	Changes
Service contracts with parent company	1,742	2,384	(642)
Services managed through parent co.	1,055	545	510
Directors remuneration	174	228	(54)
Statutory auditors fees	43	60	(17)
Emoluments supervisory board D.Lgs.231/01	33	34	(1)
Compensation for auditors	41	41	-
Fees for technical, legal and notarial and administrative consulting	314	418	(104)
Maintenance and IT services	2,653	2,732	(79)
Communication fees	174	226	(52)
Fees for project contracts	331	557	(226)
Employees costs	118	150	(32)
Costs for administration of work	476	573	(97)
Fees for external services call center	357	340	17
Postal fees	90	149	(59)
Transportation costs and rent	62	69	(7)
Additional costs for the storage of stocks of OCSIT	161	44	117
Telephonic	84	63	21
Other services	121	171	(50)
Other minor	89	89	-
Total	8,118	8,873	(755)

As compared to the previous year, the item decreased by EUR 755 thousand; the most relevant decrease, equal to EUR 642 thousand, is due to service contracts with parent company.

Use of third parties' assets – EUR 5,402 thousand

The item consists of the following two sub-items:

- **fees for oil products storage services - EUR 3,823 thousand.** This pertains to the cost of the fees paid to third parties for the lease of storage facilities to OCSIT. It is noted that this item, increased from 2014 up to EUR 3,158 thousand, due to increase of the average stocking days.
- **Other - EUR 1,579 thousand.** The sub-item consists mainly of the rent paid to the parent company for the rent of the office of the Company (EUR 1,460 thousand). The amount is substantially stable as compared to 2014.

Personnel costs – EUR 12,566 thousand

The items that make up the overall personnel costs are summarized in the table below, with shows changes with respect to 2014.

<i>EUR thousand</i>			
	2015	2014	Changes
Wage and salary	9,050	8,867	183
Social security contributions	2,579	2,570	9
Termination indemnities	620	603	17
Other costs	317	287	30
Total	12,566	12,327	239

The following tables show, for the last two years and for each contractual category, the monthly changes in the workforce, the level at year-end and the average level:

<i>1.1 - 31.12.2015</i>														Level as at 31 December 2015	Average Work Force 2015
	Level as at 31 December 2014	January	February	March	April	May	June	July	August	September	October	November	December	Level as at 31 December 2015	Average Work Force 2015
Executives	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11.00
Managers	24	25	25	25	25	25	25	25	25	25	25	25	25	25	25.00
Employees	176	172	175	172	173	174	174	174	174	174	174	176	177	177	174.08
TOT	211	208	211	208	209	210	210	210	210	210	210	212	213	213	210.08

Average personnel cost 2015: EUR 59,817.42 Average work force 2015 no. 210.08 Personnel cost EUR 12,566,442.64

1.1 - 31.12.2014

	Level as at 31 December 2013	January	February	March	April	May	June	July	August	September	October	November	December	Level as at 31 December 2014	Average Work Force 2014
Executives	10	11	11	11	11	11	11	11	11	11	11	11	11	11	11.00
Managers	22	22	22	22	22	22	23	23	23	24	24	24	24	24	22.92
Employees	171	173	175	177	177	178	178	178	178	178	177	176	176	176	176.75
TOT	203	206	208	210	210	211	212	212	212	213	212	211	211	211	210.67

Average personnel cost 2014: EUR 58,515.55 Average work force 2014 no. 210.67 Personnel cost EUR 12,327,470.58

The item increased of EUR 239 thousand from the previous year, mainly due to increase in salaries in accordance with the national collective bargaining agreement.

Depreciation and amortization – EUR 2,072 thousand

The item is in essence composed of depreciation and amortization of EUR 1,894 thousand.

The amortization, calculated as already commented about the assets, concerns for EUR 1,557 thousand intangible assets and for EUR 337 thousand tangible assets. The item increased, relative to the previous year, to EUR 528 thousand.

Additionally, it includes the devaluation of stocks of products OCSIT, made due to the natural decreases recorded in the year (EUR 178 thousand).

Other operating costs – EUR 161,602 thousand

The item is divided into sub-items analyzed below.

a) Contingent liabilities pertaining to energy – EUR 161,302 thousand

The table shown on the next page sets out in detail the contingent liabilities pertaining to energy. These items are matched, in terms of amounts, by similar revenue items recorded in non-recurring income related to energy, as a consequence of the effect of institutional management, mentioned in the section on accounting principles.

The following table records sub-items of detail regarding the various types existing, separately for the timing of the generation of the contingent liabilities for the period 2010 (and earlier) and 2014.

Euro mila

	2015	2014	Changes
<u>Year 2010 and earlier:</u>			
- load profiling adjustment and various TERNA	143	13,584	(13,441)
- load profiling adjustment operators additional safeguards	10,866	2,753	8,113
Total	11,009	16,337	(5,328)
<u>Year 2011:</u>			
- load profiling adjustment and various TERNA	5,118	361	4,757
- load profiling adjustment operators additional safeguards	1,231	6,916	(5,685)
Total	6,349	7,277	(928)
<u>Year 2012:</u>			
- load profiling adjustment and various TERNA	10,964	4,333	6,631
- load profiling adjustment operators additional safeguards	3,089	15,935	(12,846)
Total	14,053	20,268	(6,215)
<u>Year 2013:</u>			
- load profiling adjustment and various TERNA	3,525	99,660	(96,135)
- load profiling adjustment operators additional safeguards	22,764	27,825	(5,061)
Total	26,289	127,485	(101,196)
<u>Year 2014:</u>			
- load profiling adjustment and various TERNA	102,637	-	102,637
- load profiling adjustment operators additional safeguards	965	-	965
Total	103,602	-	103,602
Total	161,302	171,367	(10,065)

b) Other charges – EUR 300 thousand

The breakdown is as follows:

EUR thousand

	2015	2014	Changes
- Contribution to the costs of operation of AEEGSI article 2 Law 481/95	-	1,670	(1,670)
- Entertainment costs	11	44	(33)
- Contingent different about managing non-energy	136	109	27
- Taxes	82	76	6
- Buying new spapers, books and magazines etc.	6	7	(1)
- Other	65	72	(7)
Total	300	1,978	(1,678)

The item records, as from the previous year, a decrease of EUR 1,678 thousand.

This decrease is mainly attributable to the item “Contribution to the costs of operation” of AEEGSI due to, as clearly described in the item “Costs for services” under the Profit & Loss Account. In fact,

since 2015, this contribution is shown under this item and not under “Other charges” as effect of regulatory changes occurred in the year.

DIFFERENCE BETWEEN VALUE AND PRODUCTION COSTS – EUR 339 thousand

The difference between value and cost of production of EUR 339 thousand is attributable to, among all, the estimate of the contribution to covers costs for the Energy area functioning, that takes into consideration a rate on investment of AU net assets, based on algorithms used by the AEEGSI. To facilitate the understanding of the dynamics of formation of the difference in question, the Report on Operations presents the following detailed models, in addition to the Model of the reclassification of the profit-and-loss statement:

- Costs for purchase of energy;
- Costs for functioning, based on nature;
- Costs for functioning, based on the specific Area of activity.

FINANCIAL INCOME AND CHARGES – EUR 56 thousand

The positive balance of financial management, equal to EUR 56 thousand, comprises revenue of EUR 2,633 thousand, set against charges of EUR 2,577 thousand. The table below shows the analysis of individual items.

Other financial income – EUR 2,633 thousand

The breakdown is as follows:

Long-Term receivables: EUR 1 thousand

The item consists of accrued interest on loans to employees.

Other income: EUR 2,632 thousand

This item consists mainly of the equity-share of the OCSIT levy charged to oil operators, of EUR 2,285 thousand, for the coverage of costs related to the operation of OCSIT itself, particularly with regard to interest accrued on the loan for the purchase of stocks.

The other income includes, for EUR 40 thousand, accrued interest income on bank balances held by the Company in the short term and for EUR 305 thousand default interest and penalties charged to the

service operators subject to additional safeguards for late payment, and EUR 2 thousand for positive exchange differences.

Interest and other financial charges – EUR 2,577 thousand

Other – EUR 2,577 thousand

The amount is mainly due to costs related to financing for 300 million EUR, granted to OCSIT for the purchase of specific stocks (EUR 2,289 thousand). Such borrowing costs include both interest expense of EUR 1,752 thousand, the amounts used in the year, and the so-called commitment fee, equal to EUR 537 thousand, which matured in the same period on the amounts not yet drawn from the loan in question.

The increase of both items is due to the fact that in 2015 the amounts were used for a longer period, as compared to the July 1 – December 31 period in 2014, and to the higher contributions requested by OCSIT to manage the programmed purchases, that increased from 78 thousand to 184,850 thousand from April 2015.

Moreover, in the month of July, in light of more favorable market conditions and with a view to better manage, economically and financially, the security oil stocks, OCSIT renegotiated the terms of the financing, thus obtaining significant savings, until June 2019. In particular the following conditions were reached:

- 1) margin reduced from 120 to 90 basis points;
- 2) reduction of the commitment fee from 40 to 30 basis points;
- 3) extension of the availability period from December 31 2015, to June 30, 2016.

This item includes, in addition, the cost of the bank guarantee issued to guarantee VAT credits (EUR 241 thousand), interest expense on short-term bank debts (EUR 44 thousand) and other charges for exchange rate difference (EUR 3 thousand).

EXTRAORDINARY INCOME AND EXPENSES – EUR (25) THOUSAND

This item represents the net results of extraordinary management, as the balance between extraordinary expenses (EUR 90 thousand) and extraordinary income (EUR 65 thousand). As compared to the previous year, the result shows a better performance of EUR 560 thousand.

INCOME TAXES – EUR 174 thousand

Details of these costs, together with the changes relative to the previous year, are summarized in the following table:

<i>EUR thousand</i>			
	2015	2014	Changes
- Current taxes:	713	1,300	(587)
Irap	121	611	(490)
Ires	592	689	(97)
- Deferred tax liabilities:	(373)	(756)	383
Ires	(373)	(756)	383
-Deferred tax assets:	(166)	(345)	179
Ires	(105)	(345)	240
Irap	(61)	-	(61)
Total	174	199	(25)

a) Current taxes – EUR 713 thousand

The balance of current taxes pertains to IRAP and IRES for the year.

b) Deferred tax liabilities – EUR (373) thousand

The balance is in essence determined by the use of deferred tax for the amount of default interest pertaining to previous years, collected during the year, as well with respect to the recovery of charges deducted only for tax purposes in previous years.

c) Deferred tax assets – EUR (166) thousand

The amount is related to deductible temporary differences that matured in 2015, on the assumption of their future recovery. The future recoverability has been evaluated on the basis of estimates through the analysis of legislation on taxation and the consequent effects on future tax bases.

Reconciliation between the theoretical tax rate with the effective tax rate

In accordance with Document No. OIC 25, the tables below illustrate, for IRES, the detail of the reconciliation between income tax from the accounts and the theoretical tax charge and the determination of the IRAP tax chargeable.

EUR thousand

Reconciliation IRES	Taxable	IRES
Income before taxes	370	
Theoretical tax charge (27.5%)		102
Temporary differences taxable in future years	(68)	
Temporary differences deductible in future years	1,421	
Reversal of taxable temporary differences from previous years	221	
Reversal of temporary differences from previous years	(1,042)	
Differences that will not reverse in the following years	1,250	
TAXABLE INCOME	2,152	
IRES ON NET PROFIT		592

Temporary differences taxable in future years (EUR 68 thousand) pertain to interest on arrears for the year, but not yet received; compared with the figure of the previous year (EUR 136 thousand) the data shows a decrease of EUR 68 thousand, due to the decrease in the value of default interest not collected in the year.

Temporary differences deductible in future years (EUR 1,421 thousand) pertain to the remuneration of the Board of Directors for the year, but not disbursed during the year, to the amortization of the year in excess of the deductible amount and the variable bonuses of employees ascertained in the annual accounts (EUR 1,257 thousand). The data shows an increase of EUR 164 thousand in comparison to the previous year's figure (EUR 1,257 thousand).

The reversal of taxable temporary differences from previous years (EUR 221 thousand) pertains to interest on arrears pertaining to previous years, collected during the year; compared with the figure of the previous year (EUR 102 thousand) data shows an increase of EUR 119 thousand.

The reversal of deductible temporary differences from previous years (EUR 1,042 thousand) is related to the compensation of the Board of Directors pertaining to previous years paid in the year, the recovery of depreciation that resulted in excess in previous years and the variable bonuses of employees recorded in the accounts in previous years and delivered during the year; as compared to the previous year (EUR 643 thousand) the data shows an increase of EUR 399 thousand.

The differences that will not be reversed in future years (EUR 1,250 thousand) are mainly due to increases for: recovery of decreases from the EC section of the previous years (relative to the extraordinary distribution of reserves and dividends that occurred in 2015), non-deductible contingent liabilities, entertainment costs, expenditure on motor vehicles, other undocumented costs and decreases, formed by the further deduction of the Severance Indemnity Fund, by deduction of IRAP and by the tax exemption of contingent asset deriving from previous years taxes; as compared to the previous year (EUR 1,393 thousand) the data shows a decrease of EUR 143 thousand.

EUR thousand

IRAP	TAXABLE	IRAP
Difference between value and cost of production	339	
Costs not relevant for IRAP	11,512	
TOTAL	11,851	
Theoretical tax (rate 4.82%)		571
Temporary differences taxable in future years	-	
Temporary differences deductible in future years	1,233	
Reversal of temporary differences from previous years	(751)	
Differences that will not be reversed in subsequent years	793	
Deductions	(10,618)	
TAXABLE IRAP	2,508	
IRAP current year		121

Taxable temporary differences in future years are not present.

Temporary differences deductible in future years (EUR 1,233 thousand) are mainly due to the variable bonuses of employees recorded in the accounts; as compared to the previous year (EUR 0 thousand) there has been an increase of EUR 1,233 thousand.

The differences that will not reverse in future years (EUR 42 thousand) are primarily due to the balance of costs for the provision of quasi-subordinate work that is not deductible for IRAP and contingent assets not taxable for IRAP, while the deductions are related to the items required by IRAP law (Article 11 Legislative Decree No. 446/97).

It is worth noting that the rates used to calculate deferred and prepaid taxes have been as follows: 27.5% for IRES and 4.82% for IRAP respectively.

It should further be noted that, as amply described in the Report on Operations, as a result of the tax audit initiated in March 2013, and terminated on July 16 and November 4 of 2014, the Company received two notices of assessment for the years 2009 and 2010, with which the Lazio Regional Directorate of the Revenue Agency has established a greater tax IRAP, as a result of the denial of the applicable facility of the tax wedge..

Specifically, with the assessments pertaining to 2009 and 2010, the Office dismissed a higher IRAP and penalties totaling approximately EUR 300 thousand (excluding interest) for the two years.

Against those two notices of assessment the Company, on December 12, 2014, brought two separate appeals before the Provincial Tax Commission of Rome, also applying for the cancellation and supporting this with the grounds already contained in the application presented in 2014 on the same matter, about the relevance of the subsidy in Article 11 Legislative Decree No. 446/1997 to the activities of AU exercised not in concession and, much less, for a “rate”.

The Company, in compliance with legal requirements, has also made the payments due on a provisional basis, pending the judgement of first instance, expected before the summer, equal to one third of the tax paid in the assessment.

The residual risk (now only potential), in terms of the assessed net amount paid on a provisional basis, amounted to approximately EUR 250 thousand. This amount has not been accounted for as a provision to fund specific risks, given the risk assessment tax in question, recently reiterated by tax advisors as being possible, but not probable.

More specifically, the decision not to establish a special fund risk stems from the consideration of the provisions of Article 2424-bis, paragraph 3 of the Civil Code, interpreted in the light of the accounting principles, again depending on the potential risk being regarded as not probable, but possible.

NET INCOME – EUR 196 thousand

The net income for 2014 is given by the difference between pre tax profit (EUR 370 thousand) and the tax charge for the year (EUR 174 thousand), in turn represented by the algebraic sum of the amount of current taxes and deferred taxes.

The result before taxes, in more detail, is as quantified as a result of the effects of a rate of return on equity before tax burdens, in accordance with AEEGSI regulations.

OTHER INFORMATION

With reference to Article 2497-bis, paragraph 4, we provide a summary of significant financial data of the parent company, performing direction and coordination of AU. It is also understood that the Gestore dei Servizi Energetici - GSE SpA will prepare consolidated annual accounts.

Gestore dei Servizi Energetici - GSE S.p.A. ANNUAL ACCOUNTS - 2014

Eur

BALANCE SHEET

	AMOUNT
ASSETS	
RECEIVABLES FROM SHAREHOLDERS	-
FIXED ASSETS	113,421,177
CURRENT ASSETS	3,277,273,299
PREPAYMENTS AND ACCRUED INCOME	889,448
Total Assets	3,391,583,924
LIABILITIES	
SHAREHOLDERS' FUNDS:	
Share Capital	26,000,000
Stocks	105,692,629
Profit of the year	21,699,973
PROVISIONS FOR RISKS AND CHARGES	19,782,354
SEVERANCE INDEMNITY FUND	3,087,394
LIABILITIES	3,181,312,279
ACCRUED EXPENSES AND DEFERRED CHARGES	34,009,295
Total liabilities	3,391,583,924
MEMORANDUM ACCOUNTS	146,769,645,166
PROFIT AND LOSS ACCOUNT	
PRODUCTION VALUE	16,374,723,931
PRODUCTION COSTS	16,373,685,328
FINANCIAL INCOME & COSTS	18,238,612
ADJUSTMENTS	-
EXTRAORDINARY	2,506,352
INCOME TAXES	(83,594)
NET INCOME	21,699,973

It has to be considered that there have been no exceptional cases requiring derogation from the rules of law pertaining to annual accounts, in accordance with paragraph 4 of Article 2423.

With reference to management of litigation and related risks, as better described in the Report on Operation, it has to be recorder a claim on labor matter. In light of the early stage of the litigation, whose potential impact can be quantified in EUR 65 thousand, the related risk may be qualified as merely possible, but not probable.

It is also reported the absence of the following circumstances:

- Holdings, owned directly or through a trust company or third parties, in subsidiaries and associates;
- Receivables and trade payables due after more than five years and debts secured by collateral on corporate assets;
- Financial charges recorded in the year to assets entered in the balance sheet;
- Income from equity investments;
- Issue of bonus shares, convertible bonds or similar securities.

CASH FLOW

As required by accounting principle OIC 10, the following table shows the financial information:

SUMMARY OF CASH FLOW STATEMENT (EUR thousand)

	2015	2014
A. CASH FLOW FROM OPERATING INCOME		
Net income	196	335
Income taxes	174	199
Fin. Charges	2,577	1,155
(Fin. Incomes)	(2,633)	(1,707)
1. Profit (loss) before income taxes, interest, dividends and gain/losses on sale of assets	314	(18)
<i>Adjustments for non-cash items with no counterpart in the net working capital</i>		
Increase in funds	1,264	1,070
Employee termination benefits	621	604
Depreciation of fixed assets	1,894	1,366
Other adjustments to non-cash items	178	8
Total adjustment to non-cash items	3,957	3,048
2. Cash flow before changes in working capital	4,271	3,030
Change in working capital Net Cash Flow		
'- Increase/(decrease) in trade receivables	176,956	126,063
- Change in receivables from parent company	(1,114)	(1,483)
- Change in receivables from Energy and Environment Services Fund	531	386
- Change in prepayments and accrued income	(6)	(27)
- Change in trade payables	(163,505)	(132,842)
- Change in payables to parent company	52	(459)
- Change in amounts due to Energy and Environment Services Fund	224	54
- Change in accrued liabilities	-	-
- Other changes in equity	(772)	3,391
Total changes in net working capital	12,366	(4,917)
3. Cash flow after changes in working capital	16,637	(1,887)
<i>Other adjustments</i>		
Interest received	2,736	1,763
(Interest paid)	(2,844)	(646)
(Income tax paid)	(723)	(1,138)
(Use of funds)	(1,654)	(2,019)
Total other adjustments	(2,485)	(2,040)
Cash flow from operating activities (A)	14,152	(3,927)
B. CASH FLOWS FROM INVESTMENT		
- Investments in intangible assets	(1,719)	(2,945)
- Increase/(decrease) in trade payables for intangible assets	26	180
- Investments in tangible fixed assets	(110,949)	(75,345)
- Increase/(decrease) in trade payables for fixed assets	5	12
- Financial fixed assets	(56)	(108)
Cash flow from investments (B)	(112,693)	(78,206)
C. CASH FLOW FROM FINANCING		
Third-party funding		
(Decrease)/increase in short-term borrowing from banks	(4,136)	11,828
Opening of long term financing	106,850	78,000
Equity		
Dividends paid	(1,066)	(2,363)
Cash flow from financing activities (C)	101,648	87,465
Increase (decrease) in cash (A+B+C)	3,107	5,332
Cash at January 1st	8,193	2,861
Cash on December 31st	11,300	8,193

ACQUIRENTE UNICO S.p.A.

Corporate office at Via Guidubaldo Del Monte, 45 - 00197 Rome
Share capital Eur 7,500,000 fully paid up
Tax Code and registration number with the Companies' Register of Rome: 05877611003
Subject to direction and coordination of GSE S.p.A.

Report of the Board of Statutory Auditors to the Shareholders' Meeting convened to approve the financial statements as of December 31, 2015 In accordance with article 2429 of the Civil Code

All the amounts are expressed in EUR

To the Shareholders' Meeting of ACQUIRENTE UNICO S.p.A.

Dear Shareholder:

During the year ended on 31/12/2015, the Supervisory Board performed the functions provided under Article 2403 and following of the Civil Code, also carrying out its activity in accordance with the Rules of conduct of the Supervisory Board recommended by the Association of Italian Accountants and Accounting Experts.

The Supervisory Board for the period 2014-2016 was appointed during the meeting on November 21, 2014.

In particular, with respect to year 2015, the Board:

- monitored compliance with the law and Articles of Association and respected the principles of sound administration participating in sessions of the Shareholders' Meeting and the Meetings of the Board of Directors. In this respect the Board of Statutory Auditors has obtained information from the administrative body on the general performance of operations, the business outlook and the most significant transactions,

for size and nature, carried out by the Company. The Board can provide reasonable assurance that the actions taken are in compliance with the law and the Articles of Association and are not manifestly imprudent, in potential conflict of interest or in contrast with the resolutions adopted by the Shareholders or otherwise prejudicial to the integrity of the equity;

- evaluated and monitored – within the limits of its authority – the adequacy of the administrative and accounting system and its ability to represent correctly the actions of management, through the collection of information from the auditors and the examination of corporate documents. In this regard, there are no particular observations to be made. We also report that within the meaning of Article 26 of the Articles of Association, that introduced the figure the Executive Responsible for the preparation of financial reports requested under article 154-bis of Legislative Decree no. 56/93, as further amended, the Chief Executive Officer and the Executive Responsible have asserted, with special certification to be attached to the accounts, *“the compliance, in relation to the characteristics of the actual application, of the administrative and accounting procedures for the preparation of annual accounts for the fiscal year ending in December 2015”* and the correspondence of the 2015 annual accounts *“to the corporate books and accounting records”* and that they have been *“prepared in accordance with to the provisions of the Civil Code and Accounting Standards elaborated by the OIC and, so far as known, provide a true and correct view of the equity, economic and financial situation of Acquirente Unico S.p.A.”* The above certificate confirms that *“the directors report includes a reliable analysis of the progress and results of operations and the situation of Acquirente Unico S.p.A., together with a description of the principal risks and uncertainties to which the Company is exposed”*. It is also certified that *“the report on operations includes a reliable analysis of the performance and the results of the management, as well as the position of Acquirente Unico S.p.A., together with the description of the principal risks and uncertainties to which the Company is exposed”*;
- has maintained exchange of communications with the auditor and no significant data or information emerged that must be included in this report;
- has obtained information and monitored the adequacy of the organizational structure of

the Company, also through the collection of information from the Managers of each individual Departments. In this respect, it has no particular observations;

- has learned that there have not been assignments to services that could compromise the independence of the audit firm Deloitte & Touche S.p.A., being the Company's auditor and of the accounts. The same audit firm was also assigned with the examination of the separate accounts (unbundling) of the Integrated Information System (IIS), established at the Company in accordance with Law Decree no. 105 dated July 8, 2010, as further implemented in Law no 129, dated 13 August, 2010 and the Italian Central Stockholding Entity (OCSIT) assigned to the Company in accordance with Legislative Decree no. 249 dated December 31, 2012;
- in order to implement the legislation on liability of legal entities, companies and associations, it has to be noted that the Supervisory Board, in 2015, has monitored the application of the Model and the Code of Ethics by the corporate structures that oversee the processes at risk of crime, to ensure compliance with the organizational and protection procedures;
- in 2015, in addition to the supply of electricity for the enhanced protection market, the Company kept carrying out its activities, including those relating to OCSIT and IIS. The Board of Statutory Auditors acknowledges that the Report on Operations includes a full description of the activities carried out by the di Acquirente Unico S.p.A., including the OCSIT and the IIS. In accordance with the Instructions from the Ministry of Economic Development (MISE) for OCSIT, and Annex B of ARG/com 201/2010 resolution regarding IIS, by 30 November 2015, the Company submitted to the Ministry of Economic Development and the Italian Authority for Electricity, Gas and Water the budget for year 2016.
- during 2015 the Board of Statutory Auditors issued the following required and attributable opinions:
 - On April 2, 2015, it gave a positive opinion in relation to the policy adopted by the Company on remuneration to directors with proxies, including the variable portion, in accordance with article 4 of Ministry of Economy and Finance Decree no. 166/14 ;

- on November 25, 2015, it gave a positive opinion on the definition of targets related to variable emolument granted under article 2389 third paragraph of the Civil Code to the Managing Director, appointed by the Board of Directors at the meeting dated October 23, 2015, following the indications provided by at the Shareholders' Meeting dated October 22, 2015. During such Meeting, in fact, the Sole Shareholder appointed the new Board of Directors for years 2015-2016.
- In the course of its supervision, as described above, there were no additional facts discovered that are significant enough to require mention in this report.
 - In the course of the year 2015 and further until the date of issue of this report there has been no complaints under Article 2408 of the Civil Code.
 - The Board of Statutory Auditors has examined the draft annual accounts of the Company as at 31/12/2015 prepared by the Directors in accordance with law and communicated them to the Board of Statutory Auditors, together with schedules and detailed annexes, at the meeting of the Board of Directors of March 17, 2016. The accounting document in question, prepared in accordance with the provisions of article 2423 and following of the Civil Code, reported net income of EUR 196,593..

Summary of the balance sheet and profit-and-loss statement are provided below.

BALANCE SHEET

ASSETS

<i>Amounts expressed in EUR</i>	<i>December 31, 2015</i>	<i>December 31, 2014</i>
Receivables from shareholders for outstanding payments due	-	-
Fixed assets	189,421,588	78,769,888
Current assets	760,415,871	933,161,183
Accruals and deferrals	139,033	132,720
TOTAL ASSETS	949,976,492	1,012,063,791

SHAREHOLDERS' EQUITY AND LIABILITIES

<i>Amounts expressed in EUR</i>	<i>December 31, 2015</i>	<i>December 31, 2014</i>
Shareholders' equity		
<i>I Share Capital</i>	7,500,000	7,500,000
<i>IV Legal reserve</i>	1,099,581	1,082,816
<i>VII Other reserves (extraordinary reserves)</i>	124,686	872,320
<i>IX Profit (loss) of the year</i>	196,593	335,307
Total shareholders' equity	8,920,860	9,790,443
Provision for risks and costs	1,420,105	1,561,252
Employee pensions	642,539	643,390
Debts	938,983,703	1,000,058,884
Accruals and deferrals	9,285	9,822
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	949,976,492	1,012,063,791

<i>Amounts expressed in EUR</i>	<i>December 31, 2015</i>	<i>December 31, 2014</i>
Memorandum accounts	2,316,349,515	3,789,620,778

PROFIT AND LOSS ACCOUNT

<i>Amounts expressed in EUR</i>	<i>December 31, 2015</i>	<i>December 31, 2014</i>
Value of production	4,392,737,626	5,186,779,113
Cost of production	4,392,398,632	5,186,212,266
Difference between value and cost of production	338,994	566,847
Financial income and charges	56,592	552,315
Extraordinary income and costs	(25,459)	(585,376)
Result before taxes	370,127	533,786
Taxes of the year	173,534	198,479
Net income	196,593	335,307

The following comments are made to the accounts:

- considering that the Board of Statutory Auditors does not auditing, it has supervised

their general conduct and general compliance with the law with regard to form and structure and, in this regard, has no particular observations;

- the Board of Statutory Auditors has verified the rules and regulations governing the preparation of the Report on Operations and, in this regard, has no comments;
- in its own report on the accounts, released on April 4, 2016, the audit firm has not raised matters that call for disclosure and has certified that in its judgement the accounts "*clearly stated and give a true and correct view of assets and financial situation of Acquirente Unico S.p.A. as at December 31, 2015 as well as of the results of operations of the Company as at such date in compliance with the applicable laws*". It has also confirmed that "*the Report on Operations is consistent with the annual accounts as at December 31, 2015*".
- the draft financial statements show a decrease in the total operating costs, as shown in the following table:

Table: operating costs net of amortization and depreciation

Eur thousand	2015	2014	2013	Change 2015 vs 2014	Change (%) 2015 vs 2014	Change 2015 vs 2013	Change (%) 2015 vs 2013
Operating costs related to Energy	4,202,619	4,988,018	5,988,295	(785,399)	(- 15.7%)	(1,785,676)	(-29.8%)
Operating costs related to stocks of petroleum products	3,984	709	-	3,275	461.9%	3,984	n.a.
Other operating costs	22,422	24,744	25,466	(2,322)	(-9.4%)	(3,044)	(-12.0%)
Total*	4,229,025	5,013,471	6,013,761	(784,446)	(-15.6%)	(1,784,736)	(-29.7%)

* amounts net of amortization and depreciation

- The Board of Statutory Auditors has verified the correct fulfilment of the provisions of the "Spending Review" under Law Decree no. 66 dated April 24, 2014, converted into Law no. 89 dated June 23, 2014. Specifically, paragraph 1 of Article 20 of the Law provides for a reduction in operating costs net of depreciation and amortization, as well as of provisions for risks, not lower than 4%.

The following is a summary of the cost savings impacting on the profit and loss account, showing a 12% decrease since 2013.

Operating Costs – Spending review

Eur thousand	2015	2014	2013	Change 2015 vs 2014	Change (%) 2015 vs 2014	Change 2015 vs 2013	Change (%) 2015 vs 2013
Raw materials, supplies, consumables and goods – electricity supplies not included	20	22	41	(2)	(9.1%)	(21)	(51.2%)

Services –Excluding energy and OCSIT	7,957	8,829	9,251	(872)	(9.9%)	(1,294)	(14.0%)
Leases – Excluding costs for rental of stockholding	1,579	1,588	2,041	(9)	(0.6%)	(462)	(22.6%)
Costs for employees	12,566	12,327	11,719	239	1.9%	847	7.2%
Sundry costs – excluding contingent liabilities related to Energy	300	1,978	2,414	(1,678)	(84.8%)	(2,114)	(87.6%)
Total*	22,422	24,744	25,466	(2,322)	(9.4%)	(3,044)	(12.0%)

(amounts expressed in Eur thousand)

The Board of Statutory Auditors supports the directors' proposal on the distribution of profits to the sole shareholder for EUR 311,449, equal to the distributable net income (EUR 186,763) and the available reserves (EUR 124,686), not lower than the costs savings expected by the law for year 2015, and net of the advance distributed on September 14, 2015 of EUR 916,788. It is not possible to distribute the total amount corresponding to the 12% savings, due to the fact that the Company, reaching a balanced budget, has reached the total available amount of available reserves.

- so far as known, the Directors, in preparing the annual accounts, have made no exceptions to the provisions of the law under article 2423, paragraph 4, of the Civil Code;
- no atypical or unusual operations were found and the Directors, in the Report on Operations and the notes, have illustrated the financial transactions, the trading and services between the group companies;
- the Board of Statutory Auditors has checked the correspondence of the annual accounts to the facts and information of which it has gained knowledge in furtherance of its duties and does not have any observations.

Considering also the result of the activities carried out by the entity in charge of the audit, which are explained in the audit report, the Board of Statutory Auditors feels confident in approving the annual accounts closed on 31/12/2015, in accordance with the provisions of the Board of Directors.

Finally, the Parliament is examining the draft law on competition that provides for, among all, the deletion of article 35, paragraph 2 of the Legislative Decree no. 93 dated June 1, 2011, with effect from January 1, 2018, in order to repeal the "greater protection" regime.

Rome, April 4, 2016

Chairman
DOTT.SSA PAOLA FERRONI

Statutory Auditor
DOTT. LINDA OTTAVIANO

Statutory Auditor
DOTT. CIRO PIERO CORNELLI

**CERTIFICATION OF THE ANNUAL ACCOUNTS IN ACCORDANCE WITH ARTICLE 26 OF
THE ARTICLES OF ASSOCIATION**

1. The undersigned *Andrea Pèruzy, as Chairman and Managing Director, and Paolo Lisi, as the manager responsible for the drafting of the financial statements of Acquirente Unico S.p.A.,*

HEREBY CERTIFY

- *the fairness of the accounts in relation to the characteristics of the Company; and*
- *the actual application*

of the administrative and accounting procedures for the preparation of the financial statements for the year ended on December 31, 2015.

2. In this respect, it should be noted that this certification is prepared based on the activities carried out by the Responsible Manager during the year, as well as of a system of certification by the heads of the several Company's departments and, with reference to the processes carried out, on the basis of service contracts, of the Holding Company GSE and the heads of the Holding's related departments. In particular:

- The Energy Operations Department, the Help Desk Department, the OCSIT Unit, the Integrated Information Systems Unit, the External Relations and Market Analysis Function and the Customer Conciliation Service, regarding the processes under their own responsibility, have certified by declarations signed by their respective Managers that the data and information necessary for the preparation of the financial statements for 2015 and the related report on the business have been correctly computed and represented;
- The Human Resources and General Services department of the Holding Company, on the basis of and within the limits of the existing service contract and in relation to the processes placed under their own responsibility, have certified by a declaration signed by the Manager that the data and

information necessary for the preparation of the financial statements for 2015 and the related report on the business have been correctly computed and presented;

- The Information Systems Department of Acquirente Unico S.p.A. and the Information Systems Department of GSE, in relation to the processes under their responsibility, have certified, by declarations signed by the respective Managers, the adequacy of the information systems, considering the events that have impacted the economic, capital and financial situation of Acquirente Unico S.p.A., particularly with respect to:
 - the correct functioning of the infrastructures and the Company's functional applications for the acquisition, processing and presentation of administrative and accounting information and of information which in any way were reflected into the accounting system and have therefore made an impact on the disclosures in the 2015 financial statements; and
 - the existence of adequate procedures appropriate to guarantee the safety of Company's information.

The Audit Department of GSE, upon completion of the tests carried out, at the request of the Responsible Manager for the administrative processes for input to the 2015 financial statements of Acquirente Unico S.p.A., has certified that the control points highlighted in the procedures are respected, and, therefore, provide reasonable assurance that the management events have been fairly represented in the administrative and accounting documents.

Additionally, in regard to the posting of taxes for 2015, a certificate has been issued by the Company's tax advisor in relation to the accuracy of the related calculations.

3. It is certified, moreover, that the 2015 financial statements, showing a net profit of Eur 196,593 and net assets of Eur 8,920,860:

- a) *correspond to the books and accounting entries; and*
- b) *are prepared in accordance with the Civil Code, as well as the Accounting Principles developed by the OIC and, to our knowledge, are suitable to provide a true and correct representation of the capital, economic and financial position of Acquirente Unico S.p.A.*

4. Finally, it is certified that the Report on Operations includes a reliable analysis of the performance and the results of the management, as well as the position of Acquirente Unico S.p.A., together with the description of the principal risks and uncertainties to which the Company is exposed.

Rome, 21 March, 2016

Chairman and Managing Director

Responsible Manager